

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY

Public Law 89-430

S. 1098

TABLE OF CONTENTS

Index and summary of S. 1098.....	1
Digest of Public Law 89-430,.....	2

INDEX AND SUMMARY OF S. 1098

Feb. 10, 1965 Sen. Magnuson introduced and discussed S. 1098 which was referred to Senate Commerce Committee. Print of bill and remarks of author.

June 22, 1965 Senate committee voted to report S. 1098.

June 30, 1965 Senate committee reported S. 1098 with amendment. S. Rept. 386. Print of bill and report.

Senate passed S. 1098 as reported.

July 1, 1965 S. 1098 was referred to House Interstate and Foreign Commerce Committee. Print of bill as referred.

Oct. 19, 1965 House committee voted to report S. 1098.

Oct. 20, 1965 House committee reported S. 1098 with amendment. H. Rept. 1183. Print of bill and report.

Apr. 28, 1966 House Rules Committee reported a resolution for consideration of S. 1098. (Copy of resolution and report not available.)

May 12, 1966 Senate passed S. 1098 as reported.

May 17, 1966 Senate concurred in House amendment to S. 1098.

May 26, 1966 Approved: Public Law 89-430

Hearings: S. Commerce Committee on S. 179

H. Interstate and Foreign Commerce Committee
on H. R. 2230.

DIGEST OF PUBLIC LAW 89-430

RAILROAD FREIGHT CAR SUPPLY. Amends the Interstate Commerce Act to authorize the Interstate Commerce Commission to fix rental charges for the use of freight cars at a level sufficient to compensate railroads for the expense of owning and operating the cars in order to insure the adequacy of the national railroad freight car supply.

S. 1098

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 1965

Mr. MAGNUSON (for himself, Mr. ALLOTT, Mr. BARTLETT, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CARLSON, Mr. CHURCH, Mr. CURTIS, Mr. DOUGLAS, Mr. EASTLAND, Mr. GRUENING, Mr. HRUSKA, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mrs. NEUBERGER, Mr. PEARSON, Mr. RANDOLPH, Mr. SMATHERS, Mr. SYMINGTON, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Commerce

A BILL

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 (14) (a) of the Interstate Commerce Act
4 is amended by adding at the end thereof a new sentence
5 reading as follows: "In fixing the compensation to be paid
6 for the use of freight cars, the Commission shall give con-
7 sideration to the level of freight car ownership and to other

1 factors affecting the adequacy of the national freight car
2 supply and shall, on the basis of such consideration, deter-
3 mine whether compensation should be computed on the
4 basis of elements of ownership expense involved in owning
5 and maintaining freight cars, including a fair return on
6 value (which return shall be fixed at such level as in the
7 Commission's judgment will encourage the acquisition and
8 maintenance of an adequate freight car fleet), or should be
9 computed on the basis of elements reflecting the value of
10 use of freight cars, or upon such other basis or combination
11 of bases as in the Commission's judgment will provide just
12 and reasonable compensation to freight car owners, con-
13 tribute to sound car service practices, and encourage the
14 acquisition and maintenance of a car supply adequate to
15 meet the needs of commerce and the national defense."

A BILL

To amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

By Mr. MAGNUSON, Mr. ALLOT, Mr. BARTLEY, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CARLSON, Mr. CHURCH, Mr. CURTIS, Mr. DOUGLAS, Mr. EASTLAND, Mr. GRUENING, Mr. HRUSKA, Mr. JACKSON, Mr. JOHNSON of Idaho, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MOSS, Mr. MURPHY, Mrs. NEUBERGER, Mr. PEARSON, Mr. RANDOLPH, Mr. SMATHERS, Mr. SYMINGTON, and Mr. YARBOROUGH

FEBRUARY 10, 1965

Read twice and referred to the Committee on
Commerce

year, not only to memorialize his death, but, even more important, to commemorate his life and renew our dedication to his ideals. So that this will be done annually, I ask prompt action on this measure to make Lincoln's birthday—February 12—a national holiday.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1094) making the birthday of Abraham Lincoln a legal holiday, introduced by Mr. JAVITS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

INCREASE OF BASIC RATES OF PAY FOR MEMBERS OF THE UNIFORMED SERVICES

Mr. NELSON. Mr. President, I send a bill to the desk and ask unanimous consent that it may lie on the table for cosponsors until March 5.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, it will lie on the table as requested by the Senator from Wisconsin.

The bill (S. 1095) to amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services, introduced by Mr. NELSON, was received, read twice by its title, and referred to the Committee on Armed Services.

THE NATIONAL RAILROAD FREIGHT CAR SUPPLY

Mr. MAGNUSON. Mr. President, I, introduce, for appropriate reference, a bill to relieve the glaring shortage of railroad freight cars which annually inflicts hardship and severe momentary loss on the Nation's farm, mine, and lumber producers and processors.

It is most gratifying that many of my distinguished colleagues, quite familiar with the great need for constructive legislation in this area, have joined in sponsoring this bill.

I ask unanimous consent that the bill lie on the table for 1 week to afford an opportunity for other Senators who may wish to do so to cosponsor the bill.

It is common knowledge that since World War II we have had car shortages of varying duration and severity each year, shortages which have been particularly acute during the fall months when farmers seek to move much of their produce.

In its July 18, 1964, report to the Senate favoring the enactment of S. 1063, the Committee on Commerce warned that 1964 could be a year of very severe freight car shortages.

In September of last year, there was an average daily shortage of 4,887 freight cars, of which 2,776 were boxcars.

In October the average daily shortage increased to 10,703 cars, of which 7,497 were boxcars.

The daily average for November was 9,238 cars, of which 6,499 were boxcars,

and in December, of the daily average of 2,873 cars 1,923 were boxcars.

The daily average shortage during that 4-month period which is so crucial to our economy was 6,926 cars, of which 4,671 were boxcars.

Shortages such as these drastically affect agricultural, and therefore, national prosperity; the employment of thousands of wage earners; food, fuel, and mineral supplies for our mills and factories, and trade and commerce, both domestic and foreign, in essential food products and manufactured commodities.

Western Washington and Pacific Northwest lumber and plywood mills were particularly hard hit by the worsening boxcar shortages which caused production cutbacks, and almost forced the closure of mills and layoffs of workers.

So aggravated and severe was the 1964 boxcar crisis, referred to earlier in my remarks, that the Interstate Commerce Commission was forced to put into effect emergency orders of an unprecedented type, and which might be considered freight car rationing.

These ICC orders required 10 eastern and Allegheny railroads to deliver a daily average of between 25 and 50 cars to 4 northwestern and 4 central western railroads to mitigate the severe 1964 boxcar crisis. These emergency orders did help to send back west badly needed boxcars for agricultural and lumber shipments.

These emergency measures, however, only partially served to relieve the situation.

And there is no hope, under existing law, for further relief.

The Interstate Commerce Commission in its June 18, 1964, report on railroad freight car supply found that in the 1963 crisis, in addition to severe and damaging shortages of boxcars to move agricultural products, there were shortages of gondola cars to haul bar and coil steel, carbonplate, and tinplate. The supply of cars to haul iron ore was very tight. Coal mine operators were forced to lose production in Indiana, Kentucky, Missouri, Oklahoma, West Virginia, and Pennsylvania because there were not adequate coal hopper cars available. Lumber shippers in the Pacific Northwest were unable to obtain an adequate supply of wide-door and double-door boxcars.

The plain facts are that fewer new freight cars are being built than are each week and month being retired from service, and most of our remaining rolling stock is far overage. The average freight car age is 19 years.

Because of this high average age, heavy retirements can be expected in the next few years. Despite the widely heralded railroad freight car building program during the last Congress, the total number of cars in the last 2 years has declined by nearly 60,000—a drop of 2,500 cars per month. Two-thirds of this decrease has occurred because of the heavy retirements of boxcars, the workhorse of the car fleet.

On January 1, 1965, the Nation's class I railroads had only a little more than 1,400,000 serviceable freight cars. At

the high point of freight car ownership, January 1, 1926, this Nation had almost 2,500,000 freight cars.

As long as it is cheaper for a railroad to rent a car from another railroad than it is to own cars, the national car supply will dwindle. New railroad freight cars cost on an average about \$15,000, and some specialized cars much more. A few railroads, however, have successfully refused to pay any more than \$2 per day to rent these cars.

Because the railroads cannot agree among themselves on a rental rate adequate to keep our national car fleet from dropping year by year and month by month, I urge the enactment of this legislation. The object of this measure is not to penalize, but rather to provide an incentive to railroad management to build the freight cars essential to the Nation's needs. This measure grants authority to the Interstate Commerce Commission to fix a rental rate which will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

Mr. President, enactment of this bill is urgent. It is the same bill as S. 1063 of the 88th Congress, except the 2-year limitation has been deleted.

Unless the decline in the number of freight cars is stemmed, even rationing of freight cars will not at the peak of this or next year's harvest prevent a crippling economic freight car shortage. We cannot stand idly by and watch economic strangulation of our industry, decline of our farm exports, and payroll layoffs due to a lack of freight cars to carry our Nation's goods.

Again, Mr. President, I call attention to those of my distinguished colleagues who are cosponsoring this bill, and to the opportunity other Senators will have to join with us on this proposed legislation during the coming week.

Present cosponsors are: Mr. ALLOTT, Mr. BARTLETT, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CARLSON, Mr. CHURCH, Mr. CURTIS, Mr. DOUGLAS, Mr. EASTLAND, Mr. GRUENING, Mr. HRUSKA, Mr. JACKSON, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mrs. NEUBERGER, Mr. PEARSON, Mr. RANDOLPH, Mr. SMATHERS, Mr. SYMINGTON, and Mr. YARBOROUGH.

I am sure that before the week is over, other Senators will join as cosponsors.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Washington.

The bill (S. 1098) to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, introduced by Mr. MAGNUSON (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Commerce.

CORRECTION OF CERTAIN ERRORS IN TARIFF SCHEDULES RELATING TO DUTIES ON IMPORTED WOVEN CLOTH

Mr. TALMADGE. Mr. President, on behalf of myself, Mr. BENNETT, and Mr. KENNEDY of Massachusetts, I have today introduced a bill to correct certain errors and anomalies in the tariff schedules of the United States relating to the duties on imported woven cloth.

As we are all aware, the wool textile industry of the United States is faced with an import problem of enormous magnitude which President Johnson has expressed his determination to resolve. Three times in recent months the President has stated his conviction that imports of wool textiles and apparel must be kept at reasonable levels and that the domestic wool textile industry must be restored to good health.

Occasionally the domestic industry's import problems are compounded by the development of loopholes which enable wool cloth to be brought into the United States at rates of duty much lower than the inadequate rates regularly applicable to such cloth.

One such loophole now being exploited is on fabrics made of blends of wool and vegetable fiber other than cotton. Such fabrics, if in chief value of wool and valued not over \$1.26 $\frac{2}{3}$ per pound, are dutiable at 37 $\frac{1}{2}$ cents per pound plus 60 percent ad valorem; but by blending a small amount—20 to 30 percent—of flax or ramie with inexpensive reprocessed wool, the resultant fabric is classifiable under the new tariff schedules as being in chief value of vegetable fiber other than cotton dutiable at only 10 percent ad valorem.

This loophole could not have arisen under the Tariff Act of 1930 because under that act the duty on the wool content of wool-vegetable fiber blends was assessed at the regular wool fabric rate and only the vegetable content was assessed at the vegetable fiber rate.

This loophole came to light last summer, after the tariff reclassification bill had passed the House. On behalf of the senior Senator from Utah and myself I proposed, and the Finance Committee and the Senate accepted, an amendment to the bill which would have closed this loophole. Unfortunately, for reasons totally unrelated to this provision, the tariff bill died with the adjournment of Congress.

The bill I am introducing today contains another provision which was incorporated in last year's tariff reclassification bill. This provision will assure that no fabric will be dutiable at a rate lower than would otherwise be applicable to it, solely because it has been ornamented or has had tucks taken in it. It corrects an anomalous situation under the new tariff schedules whereby a lower rate of duty on fabric can be obtained even by meaninglessly ornamenting it or meaninglessly putting tucks in it. Even before last year's tariff reclassification bill was developed, Senators SALTONSTALL and KENNEDY of Massachusetts sponsored legislation dealing with this problem.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1099) to correct certain errors in the Tariff Schedules of the United States, relating to the duties on woven cloth, introduced by Mr. TALMADGE (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

HOME RULE FOR THE DISTRICT OF COLUMBIA

Mr. PROUTY. Mr. President, in May of 1963 I introduced a bill to create a select joint committee of the House and Senate to review the question of home rule for the District of Columbia and to report back its views on what form self-government should take.

There are so many questions of such great importance in this area that I felt it was necessary to have before us a proposal embodying a precise form of government for the District.

Since 1947 Congress has annually been presented with dozens of bills on home rule, embodying dozens of approaches. Yet, at a point when we may be about to cede certain powers and duties to a new government for the District we have no firm position on how those powers should be relinquished and no definite idea of what style of local government should exercise those powers on their receipt.

Mr. President, at a meeting held by supporters of home rule among the citizens of the District, there was as much controversy over the form of government the District should have as there has been over the issue of home rule itself. Like so many things that come before us, many agree with the principle but are in total disagreement on methods.

Congress has such a stake in the determination of the questions posed by home rule that it would be a mistake for us to use the first bill to come before us as the sole vehicle for consideration. There ought to be a review by a congressional study group of all the home rule proposals so that the measure for our consideration would be a distillation of the best thinking in all the proposals.

It is Congress who is asked to relinquish the powers and duties of legislation over the District. It ought to be a bill patterned after the recommendations of a joint congressional study group which is the vehicle for determination of the question of home rule.

Therefore, Mr. President, I send a bill to the desk and ask that it be printed and appropriately referred. Patterned after my earlier bill, it authorizes \$50,000 for the creation of a joint congressional study group consisting of five Members each from the House and Senate. Of those five Members, no more than three are to be from the same party. It is essential that home rule receives bipartisan treatment.

This committee would be directed to study the problem of local self-government and come forward with a proposal for the form of government the District should have under a system of home rule. The committee would have only until August 1 of this year to report its findings.

To my way of thinking, nothing related to home rule is more important

than that Congress, as a party with a deep and abiding interest not only in the welfare of the residents of the District of Columbia, but also in the future course of relations between their local government and the Federal Government, have a learned and knowledgeable position on such a major piece of legislation.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1102) authorizing an appropriation to provide for the expenses of a joint select committee of the Senate and House of Representatives to study the problem of local self-government for the District of Columbia, and for other purposes, introduced by Mr. PROUTY, was received, read twice by its title, and referred to the Committee on the District of Columbia.

CREDITING OVERTIME AND HOLIDAY PAY TOWARD FEDERAL EMPLOYEES' RETIREMENT

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to permit Federal employees to have withheld from their pay for retirement purposes their appropriate share of compensation for overtime, night, holiday, and similar work.

Under the present Civil Service Retirement Act, only an employee's basic salary is subject to the 6 $\frac{1}{2}$ percent payroll deduction; only the basic salary is used as a basis for retirement computations. Current law does not provide retirement credit for work in excess of the normal 40-hour tour of duty.

The bill I introduce today will expand the statutory definition of basic salary to include overtime and holiday pay. Such pay is a regular component of many Federal employees' salaries; since retirement pay should be related to the income received before retirement, this change is needed to prevent too wide a gap between the income received before and after retirement.

Over the years of an employee's career, this change would mean a slightly higher annuity based upon the additional contributions he makes resulting from work in these categories.

The individual who is required to spend hours over and above the normal work cycle or who must perform service on a less desirable shift is certainly performing work, just as he would under normal circumstances. Yet, under existing law, he may not add the value of his work to his retirement account.

Fundamentally, a staff retirement program is designed to permit employees to cease working after the required years of service and at the required age with a reasonable expectation of continuing income to maintain them during the later years of life. This bill is simply an extension of that principle to allow workers to acquire retirement credit for certain periods of work upon payment of their normal share of the retirement cost.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1107) to amend the Civil Service Retirement Act to provide for the inclusion of certain additional types of compensation within the meaning of the

Digest of CONGRESSIONAL PROCEEDINGS

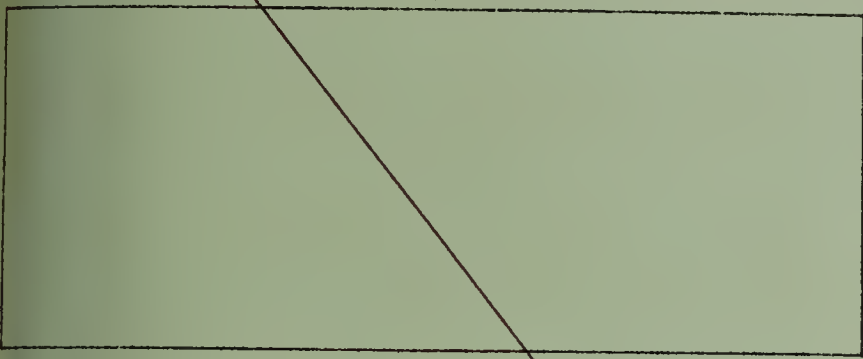
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees Paid
U. S. Department of Agriculture

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued June 23, 1965
For actions of June 22, 1965
89th-1st; No. 112



CONTENTS

Animal disease.....15	Fish and wildlife.....6	Stockpile.....19
Appropriations.....5,8,9	Foreign aid.....20	Strawberries.....23
Area redevelopment.....32	Foreign trade.....10,13,30	Summer lunches.....31
Bartered materials.....19	Legislative program.....8	Surplus commodities.....20
Budget amendments.....19	Nomination.....18	Taxes.....21
Cigarette labeling.....1	Personnel.....26	Trade expansion.....30
Continuing resolution....5	Poverty.....3,8,25	Trade fairs.....13
Cotton.....7,27	Public works.....2,5	Transportation.....11
Disaster relief....7,19,28	Reclamation.....33	Veterans' benefits.....29
Economic development.....2	Recreation.....6	Water pollution.....17
Education.....14,24	Research.....12	Water projects.....6
Emergency conservation..19	Salaries.....26	Wheat.....7,28
Export control.....10	Science.....12	Wilderness.....22
Farm labor.....23	Soil conservation	
Feed grains.....4,7	programs.....16	

HIGHLIGHTS. House passed cigarette labeling bill. House committee reported public works and economic development bill. House Rules Committee cleared poverty bill. House committee approved feed grains title of farm bill.

HOUSE

1. CIGARETTE LABELING. Passed with amendment S. 559, to regulate the labeling of cigarettes. House conferees were appointed. pp. 13897-913
2. PUBLIC WORKS; ECONOMIC DEVELOPMENT. The Public Works Committee reported with amendment S. 1648, the proposed Public Works and Economic Development Act of 1965 (H. Rept. 539). p. 13943
3. POVERTY. The Rules Committee reported a resolution for consideration of H. R. 8283, to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunities Act of 1964. p. 13943

4. FEED GRAINS. The Agriculture Committee "approved the feed grains title, as amended by the subcommittee" on H. R. 7097, the farm bill. pp. D557-8
5. APPROPRIATIONS. Passed with amendment H. R. 9220, the public works appropriation bill, which includes funds for St. Lawrence Seaway Development Corporation, Tennessee Valley Authority, Delaware River Basin Commission, Bureau of Reclamation, etc. pp. 13870-97
Made it in order to consider a continuing resolution any day next week.
p. 13867
6. WATER PROJECTS. Received the conference report on S. 1229, to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects (H. Rept. 538). pp. 13867-70
7. DISASTER RELIEF. Rep. Culver spoke in favor of amending the Agriculture Acts to "take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965." p. 13942
8. LEGISLATIVE PROGRAM. The Majority Leader announced that the poverty bill would be taken up following the defense appropriation bill. pp. 13942-3

SENATE

9. D. C. APPROPRIATION BILL. Passed with amendments this bill, H. R. 6453. Conferees were appointed. pp. 13819-20, 13824-38
10. EXPORT CONTROL. The Banking and Currency Committee voted to report (but did not actually report) H. R. 7105, to continue the Export Control Act for 4 years.
p. D555
11. TRANSPORTATION. The Commerce Committee voted to report (but did not actually report) S. 1098, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply (amended); and S. 1727, to provide for strengthening and improving the national transportation system (amended).
p. D555
12. RESEARCH. The Commerce Committee voted to report (but did not actually report) S. 949, to promote economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise (amended). p. D555
13. TRADE FAIRS. The Commerce Committee voted to report (but did not actually report) H. R. 4525, to continue authority to develop American-flag carriers and promote the foreign commerce of the U. S. through the use of mobile trade fairs. p. D555
14. EDUCATION. Sen. Yarborough spoke in support of his bill, S. 9, the GI education bill, and inserted several letters commending the bill. pp. 13816-7
15. ANIMAL DISEASE. Sen. Aiken inserted a USDA release, "Vermont Holds Three National Records in Animal Disease Eradication, USDA Reports." p. 13802
16. SOIL CONSERVATION. Sen. Hill inserted an editorial, "Charging for SCS Service-- A Bad Move." p. 13807

noon Wednesday, June 23, when it will continue on S. 2080, coinage system.

Page 13865

Committee Meetings

(Committees not listed did not meet)

FARM LEGISLATION

Committee on Agriculture and Forestry: Committee continued its hearings on S. 1702, proposed Food and Agriculture Act, and other pending farm legislation, receiving testimony from Senators Moss and McGee; George K. Hislop and Edwin E. Marsh, both of the National Wool Growers Association; J. A. Crowder, National Association of Wool Manufacturers; Brett Gray, Colorado Wool Growers Association; Dwight Holaway, North Central Wool Marketing Corp.; G. C. McGruder, Jr., Texas Sheep & Goat Raisers Association; Everett E. Shuey, Montana Wool Growers Association; Don F. Magdanz, National Livestock Feeders Association; George M. Strayer, American Soybean Association; Herbert H. Ladish, Malting Barley Improvement Association; R. A. Hodgins, South Dakota Department of Game, Fish, and Parks; and Robert Elliott, International Association of Game, Fish, & Conservation Commissioners.

Hearings continue tomorrow.

APPROPRIATIONS—INDEPENDENT OFFICES

Committee on Appropriations: Subcommittee concluded its hearings on H.R. 7997, fiscal 1966 appropriations for independent offices, after receiving testimony from Buford Ellington, Director, Office of Emergency Planning, on funds for disaster relief; and from William J. Driver, Administrator, Veterans' Administration, and Dr. Donald F. Hornig, Director, Office of Science and Technology, on funds for their respective agencies.

APPROPRIATIONS—LABOR-HEW

Committee on Appropriations: Subcommittee continued its hearings on H.R. 7765, fiscal 1966 appropriations for the Departments of Labor and Health, Education, and Welfare, and related agencies, receiving testimony today from several representatives of the medical profession in connection with programs of the National Institutes of Health.

Hearings continue tomorrow.

APPROPRIATIONS—STATE, JUSTICE, AND COMMERCE

Committee on Appropriations: Subcommittee continued its hearings on H.R. 8639, fiscal 1966 appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies, receiving testimony in behalf of funds for their respective agencies from William C. Foster, Director, Arms Control

and Disarmament Agency; and William M. Roth, Acting Special Representative for Trade Negotiations.

Hearings continue tomorrow.

EXPORT CONTROL, AND HOUSING

Committee on Banking and Currency: Committee, in executive session, ordered favorably reported without amendment H.R. 7105, to amend and extend the Export Control Act of 1949.

Also, committee resumed consideration of S. 1354, Housing and Urban Development Act, and other pending housing legislation, but did not conclude action thereon, and will meet again tomorrow.

COMMITTEE BUSINESS

Committee on Commerce: Committee, in executive session, ordered favorably reported the following measures: S. 1098, to amend the Interstate Commerce Act so as to insure the adequacy of the national railroad freight car supply (amended); S. 1727, to provide for strengthening and improving the national transportation system (amended); S. 949, providing Federal support to facilitate the flow of information between State and regional centers and American enterprise (amended); S. 1021, to redefine the term "carrier" as used in criminal statutes dealing with the transportation of hazardous substances to include pipelines; S. 2069, to broaden the vessel exchange provisions of section 510(i) of the Merchant Marine Act and to extend such provisions for 5 years (amended); S. 1975, to authorize certain facilities for the International Pacific Halibut Commission; S.J. Res. 83, authorizing the President to issue a proclamation commemorating the 175th anniversary of the founding of the Coast Guard at Newburyport, Mass.; S. 945, to create a Joint Federal and Alaska State Commission to determine navigability of inland nontidal waters in Alaska (amended); H.R. 5988, to provide that the Federal Maritime Commissioners shall be appointed for a term of 5 years; H.R. 3415, to equalize the penalties for violation of rate regulations under the Inter-Coastal Shipping Act (1933) and the Shipping Act (1916); H.R. 4526, to extend for an additional 5 years those provisions of the Merchant Marine Act which relate to war risk insurance; H.R. 4525, to continue authority to develop American-flag carriers and to promote foreign commerce of the U.S. through the use of mobile trade fairs; H.R. 4346, to amend the Merchant Marine Act with regard to construction differential subsidies; H.R. 5246, amending sections 20a and 214 of the Interstate Commerce Act so as to exempt certain securities from ICC jurisdiction; and H.R. 5242, amending the Interstate Commerce Act so as to permit unification or acquisition of control of motor carriers without approval of the ICC if the aggregate annual gross operating revenues have not exceeded \$300,000.

Committee also approved 26 routine nominations in the Coast Guard.

SOCIAL SECURITY—MEDICARE

Committee on Finance: Committee resumed its executive consideration of H.R. 6675, increasing benefits under the Social Security Act, and to provide a hospital insurance plan for the aged under that act, took certain additional actions thereon, but did not conclude its work, and will meet again tomorrow.

BIRTH CONTROL

Committee on Government Operations: Subcommittee on Foreign Aid Expenditures held hearings on S. 1676, proposing certain reorganizations in the Departments of State and HEW in connection with population control problems. Witnesses heard were Senators Yarborough, Moss, and Clark; and Representatives Udall, Matthews, and Todd.

Hearings continue tomorrow.

COMMITTEE BUSINESS

Committee on the Judiciary: Committee, in executive session, ordered favorably reported the following measures: H.R. 3996, authorizing delegation of authority to settle admiralty claims not exceeding \$10,000 with respect to military vessels; H.R. 6848, to amend the U.S. Code with regard to the imparting or conveying of false information; H.R. 3994, removing \$5,000 limitation which prevents the Secretary of the Air Force from settling claims arising from crash of a USAF aircraft at Wichita; H.R. 6507, to make it a Federal crime to travel in interstate commerce in aid of arson; S.J. Res. 56, relating to the bicentennial celebration of the birth of James Smithson; 16 private immigration bills (S. 518, 827, 828, 834, 858, 859, 862, 864, 867, 868, 925, 943, 954, 1001, 1012, and 1076); and 2 private claims bills (S. 711 and 853).

Committee also approved the following nominations: Donald Frank Turner, of Massachusetts, to be an Assistant Attorney General; Robert O. Doyle, to be U.S. marshal for the middle district of Georgia; Charles B. Bendlage, Jr., to be U.S. marshal for the southern district of Iowa; John H. Reddy, to be U.S. attorney for the eastern district of Tennessee; Cato Ellis, to be U.S. marshal for the western district of Tennessee; Wesley H. Petrie, to be U.S. marshal for the district of Hawaii; Anton T. Skoro, to be U.S. marshal for the district of Idaho; R. Ben Hosler, to be U.S. marshal for the northern district of Ohio; Fred F. Hoh, to be U.S. marshal for the southern district of Ohio; Ellis Maylett, to be U.S. marshal for the district of Utah; Elmer W. Disspayne, to be U.S. marshal for the middle district of Tennessee; William J. Andrews, to be U.S. marshal for the northern district of Georgia; Floyd M. Buford, to be U.S. attorney for the middle district of Georgia; Carl W. Feickert, to be U.S. attorney for the eastern district of Illinois; and Milton J. Ferguson, to be U.S. attorney for the southern district of West Virginia.

Committee also approved the annual report of its Subcommittee on Refugees and Escapees.

Committee indefinitely postponed further action on four private immigration bills (S. 145, 643, 914, and 1254).

CONSTITUTIONAL RIGHTS

Committee on the Judiciary: Constitutional Rights Subcommittee began hearings on several pending bills designed to protect the constitutional rights of the American Indian, having as its witnesses Senator Harris; and Frank R. Barry, Solicitor, Department of the Interior.

Hearings continue tomorrow.

REAPPORTIONMENT

Committee on the Judiciary: The Constitutional Amendments Subcommittee met in executive session to consider S.J. Res. 2, and other pending measures proposing amendments to the Constitution relating to reapportionment of State legislatures, but did not conclude action thereon, and recessed subject to call.

PRICE DISCRIMINATION

Committee on the Judiciary: The Antitrust and Monopoly Subcommittee continued its hearings on S. 995, to make price discrimination subject to private treble-damage action and suits for injunctive relief, receiving testimony from Senator Sparkman; Paul R. Miller, Royal Crest Dairy Co., Denver; George F. Radway, Radway's Dairy Co., New London, Conn.; and E. E. Davis, Royal Credit Dairy, Inc., Dayton, Ohio.

Hearings continue tomorrow.

RIGHT TO WORK LAWS

Committee on Labor and Public Welfare: Subcommittee on Labor began hearings on S. 256, repealing section 14(b) of the Taft-Hartley Act which affirms the rights of the States to forbid compulsory unionism (right to work laws); and on S. 731 and H.R. 5883, requiring bond under the Labor-Management Reporting and Disclosure Act to provide protection from loss from acts of fraud or dishonesty, having as its witness Secretary of Labor W. Willard Wirtz.

Hearings continue tomorrow.

DISASTER RELIEF

Committee on Public Works: Subcommittee on Rivers and Harbors—Flood Control concluded its hearings on S. 1861, proposed Disaster Relief Act of 1965, after receiving testimony from Senators Bartlett, Hartke, and Mondale; Representative Roush; Ross D. Davis, Small Business Administration; Rex M. Whitton, Administrator, Bureau of Public Roads, Department of Commerce; Victor Fisher, Administrator of Metropolitan Development, HHFA, who was accompanied by his associates; Woody Caton, sheriff of Elkhart County, Ind.; Keith McCormack and John Mankin, both of whom are Indiana State senators; and Dr. Varner Saylor, of Zionsville, Ind.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 1, 1965
For actions of June 30, 1965
89th-1st; No. 118

CONTENTS

Adjournment.....27	Farm labor.....25,30	Personnel.....26,32
Agricultural appropriations.....13	Farm program.....33	Political activity.....26
Agricultural exports....24	Flag.....43	Public Law 480.....38
Air pollution.....41	Foreign aid.....10,28	Puerto Rico.....5
Appropriations.....8,13,14,36,37	Foreign trade.3,9,19,20,24	Referendum.....2
Banking.....19	Forest Service.....36	Reorganization.....23
Beef exports.....9	Forestry.....34,39	Research.....4
Continuing appropriations.....37	Freight cars.....15,40	Salt-water research.....4
Dairy.....29	Health.....17	Tariffs.....12
Debt limit.....35	Housing loans.....1,31	Taxation.....7
Electrification.....16	Labor standards.....11	Trade fairs.....18
Export control.....3,20	Lands.....22	Transportation.....15
	Loans.....1	Water resources.....6
	Nominations.....21	Wheat.....2,10
	Parkways.....42	

HIGHLIGHTS: House passed housing bill. Senate Committee voted to report USDA appropriation bill. House committee reported bill to postpone wheat referendum.

HOUSE

1. HOUSING LOANS. Passed, 245-169, with amendments H. R. 7984, the housing and urban development bill (pp. 14669-714). Agreed to an amendment by Rep. Hagen, Calif., to increase from 2,500 to 5,500 the population of a community which may be eligible for rural home loans through the Farmers Home Administration (pp. 14704-5). Title IX of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.
2. WHEAT. The Agriculture Committee reported without amendment H. R. 9477, to extend until not later than 30 days after adjournment of the current session of Congress the date for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1966 (H. Rept. 571). p. 14764

3. EXPORT CONTROL. Concurred in the Senate amendments to H. R. 7105, to continue the Export Control Act for 4 years. This bill will now be sent to the President. p. 14716
4. SALT-WATER RESEARCH. The Interior and Insular Affairs Committee voted to report (but did not actually report), amended, H. R. 7092, to expand, extend, and accelerate the saline water conversion program of the Interior Department. p. D600
5. PUERTO RICO. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 2154, to amend the act establishing the Commission on the Status of Puerto Rico. p. D600
6. WATER RESOURCES. The conferees agreed to file (but did not actually file) a report on S. 21, the proposed Water Resources Planning Act. p. D601
7. TAXATION. The Judiciary Committee submitted a report on "State taxation of interstate commerce" (H. Rept. 565). p. 14764
8. D. C. APPROPRIATION BILL. Received the conference report on this bill, H. R. 6453 (H. Rept. 568). pp. 14762-3
9. BEEF EXPORTS. Rep. Olsen, Mont., reviewed and commended the efforts of producers, this Department, and others, to increase beef exports, stating that beef does not get its share of our export market. pp. 14761-2
10. FOREIGN AID. Rep. Ryan objected to wheat aid to Egypt. p. 14738
11. LABOR STANDARDS. Rep. Roosevelt inserted responses given the subcommittee by the Labor Department in the course of hearings on amendments to the Fair Labor Standards Act including data on wages paid for work relating to agriculture. pp. 14724-8
12. TARIFFS. Rep. Sikes spoke in favor of his bill to amend the Trade Expansion Act, stating that we should reshape our trade policy to support the better health of our economy. pp. 14738-9

SENATE

13. AGRICULTURAL APPROPRIATION BILL, 1966. The "Daily Digest" states that the Appropriation Committee voted to report (but did not actually report_ this bill H. R. 8370. p. D597
 14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 7997 the independent offices appropriations bill, 1966, (S. Rept. 384). p. 14790
 15. TRANSPORTATION. Passed as reported S. 1098, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply (pp. 14827-9). This bill was earlier reported with amendment (S. Rept. 386) (p. 14790).
- The Commerce Committee reported with amendments S. 1727, to provide for strengthening and improving the national transportation system (S. Rept. 387). p. 14791

FREIGHT CAR SHORTAGES

JUNE 30 (legislative day, JUNE 29), 1965—Ordered to be printed

Mr. MAGNUSON, from the Committee on Commerce, submitted the following

REPORT

[To accompany S. 1098]

The Committee on Commerce, to whom was referred the bill (S. 1098) to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

INTRODUCTION

The precipitous decline in our national freight car supply, especially in the number of plain boxcars, has reached alarming proportions. Not only is the inadequate supply of freight cars constricting the growth of important industries and causing severe nationwide losses to producers, shippers and consumers, but also it is eroding our transportation capability to move essential military traffic during emergencies.

The steep decline in the ownership of serviceable plain boxcars highlights the need for action to increase our national freight car supply. The number of serviceable plain boxcars on May 1, 1965, was down 3,633 from April 1, 1965, down 30,239 from May 1, 1964, and down 186,716 from January 1, 1958. The number of boxcars junked or retired from service in 1964 was twice the number of new boxcars placed in service.

The committee has been concerned for many years over the continued decline in the number of freight cars. Hearings on the adequacy of our national railroad freight car supply were held in the 78th, 80th, 84th, 86th, and 87th Congresses. Hearings were held by the committee in the 88th Congress on June 17 and 25, 1963, and a bill, S. 1063, was reported on July 16, 1964. Hearings on S. 1098 were held in Washington, D.C., on April 7, 8, and 9; and in Denver, Omaha, and Kansas City, Kans., on April 21, 22, and 23, 1965.

Car shortages, which once were confined to the Midwest during harvest seasons, have become increasingly more frequent, more severe, and nationwide in scope as the national freight car supply has plummeted.

meted. It is an unfortunate fact that the situation is getting worse instead of better. Despite the efforts of the railroad industry to cope with this serious problem through a widely heralded car-building program and a new multilevel per diem scale, it is apparent that legislation is necessary to enable the Interstate Commerce Commission to assume a larger responsibility in finding a solution to this problem. The witness for certain eastern railroads owning 30 percent of the Nation's cars emphatically indicated the effect of the present system when he stated: "It takes guts, sir, to spend money on freight cars even if you have got the money."

S. 1098 will furnish the incentive for private enterprise to acquire and maintain a car supply adequate to serve the needs of the Nation's commerce and the national defense.

The text of the bill as approved by the committee is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1(14)(1) of the Interstate Commerce Act is amended by adding at the end thereof a new sentence reading as follows: "In fixing the compensation to be paid for the use of freight cars, the Commission shall give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply and shall, on the basis of such consideration, determine whether compensation should be computed on the basis of elements of ownership expense involved in owning and maintaining freight cars, including a fair return on value (which return shall be fixed at such level as in the Commission's judgment will encourage the acquisition and maintenance of an adequate freight car fleet), or should be computed on the basis of elements reflecting the value of use of freight cars, or upon such other basis or combination of bases as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. In the consideration of any element included in determinations pursuant to this paragraph as an incentive to car acquisition and maintenance the Commission is empowered to make such element, or any part thereof, inapplicable: (1) to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; (2) to carriers which terminate a substantially higher percentage of interline traffic than they originate; (3) to types of freight cars the supply of which the Commission finds to be adequate, and (4) to such other cases or circumstances as the Commission finds to be in the public interest."

NEED FOR THE LEGISLATION

In a report filed almost a year ago, the committee discussed the problems created by the car shortage found to exist at that time. Developments since then have been most discouraging, and the car shortages today are very nearly double that of last year.

While carloadings so far this year are up by 2.6 percent, and revenue ton-miles are up 4.5 percent, the total number of serviceable cars of all kinds is down 56,000 from last year. It has been reported that already this year, before the beginning of the harvest season, shippers are demanding 7,500 cars more daily than the railroads can provide. Over the past 20 weeks, boxcar shortages have averaged more than 1,300 daily, and flatcar shortages have exceeded 300 per day in this 4,000 cars short per day. Gondola shortages have averaged well over 1,300 daily, and flatcar shortages have exceeded 300 per day in this same period.

The southwest winter wheat harvest is underway, and for the first time in many years railroads have not been able to stockpile cars in advance of the harvest. Shortages in gondola and flatcars are expected to continue at serious levels. The hopper car supply is falling well below demands. Witnesses for the Department of Agriculture and the Interstate Commerce Commission indicated at the hearings that this year could witness the worst peacetime freight car shortage in our Nation's history.

CAUSE OF INADEQUATE SUPPLY OF FREIGHT CARS

There is nothing mysterious about the cause of the drastic decline in the number of freight cars. The public never hears about railroad cars being junked; instead, railroads announce with pride their car-building programs. The fact is that since January 1, 1945, the Nation's railroads have retired nearly 300,000 more cars than they have built. So long as this condition continues the car supply will dwindle.

As the committee pointed out in its last report, one of the factors which militates against carriers replacing cars as fast as they are retired is the fact that under certain circumstances it is cheaper to rent another railroads' cars than to own them. In order that commerce may flow freely from coast to coast, railroads are compelled to permit their cars to travel to the far corners of the country. When a railroad car is traveling off its home line, a charge per day (per diem) is paid by the renting railroad to the owning railroad. Some railroads still refuse to pay more than \$2 per day for the rental of a boxcar that could cost its owner \$15,000 to build. As the Interstate Commerce Commission has pointed out: "This policy in practice discourages construction of new freight cars and, in effect, places a premium upon inadequate car ownership and will continue to do so as long as it is cheaper to rent a car than it is to own one."

The Interstate Commerce Act imposes a duty upon the Nation's railroads to provide sufficient freight cars to meet the needs of commerce and the national defense. It is apparent from the progressively worse car shortages that they have failed to fulfill this duty. Fortunately, recent developments indicate that the industry has begun to realize the problem. In our prior report, the committee referred to the system of variable per diem charges related to the value of cars which the majority of railroads voted to make effective on January 1, 1964. This was a step in the right direction, although it did not give full effect to the fact that higher value cars should logically pay higher rental bases. Effective April 1, 1965, three additional value brackets were added to the scale so that the maximum daily rental is \$12.18 per day.

This variable basis of per diem charges does not furnish a complete solution to the problem. Standing alone, it does not provide the necessary incentive to induce railroads to increase their car fleets. Some railroads refuse to pay these higher charges, and the charges themselves are still too low to make car ownership an attractive investment. More than 90 percent of all cars under the new variable per diem charges are still rented from the owning railroads for less than \$3 per day.

Until rental rates reflect appropriate economic factors, the supply of cars will continue to decline.

OBJECTIVE OF THE BILL

The major objective of S. 1098 is to insure the adequacy of the national railroad freight car supply. This objective is to be attained, not by arbitrary Government action, but by authorizing and directing the Interstate Commerce Commission, after hearing, to prescribe freight car rental charges (per diem), paid by the railroads using cars to the railroads owning cars, upon a basis which will encourage the acquisition and maintenance by the railroads of a car supply adequate to meet the needs of commerce and the national defense; contribute to sound car service practices; and provide just and reasonable compensation to freight car owners.

The bill's objective, an adequate national fleet of freight cars, would be accomplished by providing incentives for increased car ownership through operation of economic laws and the profit motive. In addition, enactment of the bill would contribute to sound car service practices by promoting more expeditious movement of existing equipment. Finally, it would provide just compensation to freight car owners by recognizing the value of the use of such equipment, and would correct inequities which are prejudicial to the interest of car ownership.

In practical effect, S. 1098 states a series of objectives in the public interest, including the "acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense;" recognizes the important influence exerted by daily rental or per diem charges on the adequacy of the national car supply; and directs the Interstate Commerce Commission to fix per diem charges upon any basis which in its judgment, will tend to accomplish these objectives, unfettered by legalistic concepts which have hampered its past efforts.

This bill would recognize and face the unpleasant fact that under present conditions, and for many years in the past, construction of new freight cars may have been discouraged by inadequate car rentals, and a premium may have been placed upon inadequate car ownership. It would direct the Commission, as an arm of the Congress, to use its best efforts to reverse this trend by the establishment of per diem charges which in its judgment will provide an incentive for increased freight car ownership, and insure the adequacy of a national freight car supply.

A committee amendment to S. 1098 adds a new sentence empowering the Commission to apply selectively incentive elements in any increased per diem charge. Under this amendment, the Commission would be authorized to make such incentive element or any part thereof, inapplicable: (1) to carriers determined by the Commission

to own an adequate number of cars to meet their responsibilities; (2) to carriers terminating a substantially higher percentage of inter-line traffic than they originate; (3) to types of freight cars of which the supply is adequate; and (4) to such other cases or circumstances as the Commission finds to be in the public interest. In its comments on this amendment, the Commission pointed out that all the factors mentioned in the proposed amendment would have been considered by the Commission under the language of the bill as introduced.

BACKGROUND OF FREIGHT CAR SHORTAGE

In our prior report, the committee discussed at length the background of the freight car shortage. It was pointed out that the inadequacy of the Nation's car fleet is universally recognized, unchallenged, and supported by testimony offered before the committee.

Total freight car ownership by class I railroads, excluding refrigerator cars, has decreased substantially since our last report. The high point was reached on January 1, 1926, when freight car ownership was 2,427,026. The following table shows the continued decline:

Date	Cars owned (excluding refrigerators)	Serviceable cars (excluding refrigerators)
Jan. 1, 1945.....	1,744,179	1,693,194
Jan. 1, 1950.....	1,730,686	1,596,226
Jan. 1, 1955.....	1,716,804	1,600,604
Jan. 1, 1960.....	1,657,792	1,536,429
Jan. 1, 1961.....	1,636,695	1,480,848
Jan. 1, 1962.....	1,579,065	1,437,937
Jan. 1, 1963.....	1,523,080	1,398,577
Jan. 1, 1964.....	1,482,122	1,379,119
Jan. 1, 1965.....	1,457,074	1,369,681
May 1, 1965.....	1,455,275	1,370,537

The committee particularly notes that since January 1, 1945, the freight car fleet has declined by 289,904 cars.

The loss in the number of available freight cars has been most precipitous in the supply of boxcars, the type of car that has been termed the "workhorse" of the car fleet. The following table shows the continued decline in boxcars:

Date	Boxcars owned	Serviceable boxcars
Jan. 1, 1945.....	742,447	712,637
Jan. 1, 1950.....	714,914	680,666
Jan. 1, 1955.....	717,013	679,432
Jan. 1, 1960.....	705,738	655,665
Jan. 1, 1961.....	692,565	634,561
Jan. 1, 1962.....	663,762	610,048
Jan. 1, 1963.....	637,775	587,960
Jan. 1, 1964.....	615,887	574,250
Jan. 1, 1965.....	596,602	559,900
May 1, 1965.....	592,987	556,759

The committee especially notes that since January 1, 1945, the box-car fleet has declined by 149,460 cars. The trend in recent times has been toward the construction of more specialized cars of larger capacity, but this is little consolation to the shipper who cannot secure the use of the car he needs.

Especially significant are the recent records of installations and retirements. During the last 5 years, retirement of older cars has consistently exceeded the installation of new cars by a substantial margin. During this period, 384,922 cars were retired while only 201,660 cars were installed, for a net loss of 183,262 cars of all types. In the case of boxcars, 171,101 were retired during this period while only 61,965 were installed, for a net loss of 109,136 boxcars. In the widely heralded car-building program during the year 1964, 65,801 new cars were put into service. However, 86,237 cars were retired, for a net loss of 30,436 cars—a drop of over 2,500 cars every month of the year. Significantly, only 18,016 boxcars were added while 37,301 were being retired.

The foregoing figures amply demonstrate that the national freight car fleet, which is already inadequate to meet the requirements of commerce, is continuing to decrease. To meet the needs of a growing population and an expanding economy, this nation must have more freight cars in operation each year and not less. Twenty years ago the Interstate Commerce Commission in conformity with its statutory obligations ordered an increase in per diem charges for the purpose of promoting greater efficiency in the use of cars, and to the end that the national inventory of freight cars might be increased through the provision of incentives for car ownership. "Increased Per Diem Charges on Freight Cars," 268 I.C.C. 659.

Certain railroads brought suit to challenge the order of the Commission. A three-judge district court held that the Commission's order should be set aside. *Palmer v. United States*, 75 F. Supp. 63 (1947). The precise legal effect of that decision is not clear. The court primarily took the view that the record before the Commission was faulty and incomplete, and that the Commission had not made sufficiently adequate findings of fact to sustain its order. The court further held that the Commission could not prescribe per diem charges for "regulatory" purposes, and adopted a narrow and severely restricted interpretation of the word "compensation," inconsistent with the broad grant of power in the statute.

This decision has been construed by some to forbid the establishment of per diem charges upon a basis which would yield more than the barebone cost of ownership. Under this construction, the Commission could not prescribe per diem charges at a level which would produce a profit to the car owner, provide an incentive for car ownership, recognize the value of use of freight cars, stimulate more expeditious use of existing freight equipment, or otherwise encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

The committee does not consider that the *Palmer* case, correctly construed, places the severe limitation upon the exercise of the Commission's power as some have suggested. The committee intends by the enactment of S. 1098 to dispel all doubt on this point. This bill would make it unmistakably clear that the Commission, after hearing and investigation, could and should prescribe freight car rental or per diem charges upon such basis which, in its judgment, will accomplish or further the sound objectives of a car supply adequate to meet the needs of commerce and the national defense.

The committee intends that the Commission should be empowered to provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisi-

tion and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

EFFECT OF THE BILL

S. 1098 would authorize the Commission to prescribe per diem charges which would increase the national ownership of freight cars and thus overcome the adverse effect of the *Palmer* case. This would be accomplished by an amendment to section 1(14) of the Interstate Commerce Act, which was the section so narrowly construed in the *Palmer* case. It is the intent of the committee by this bill that the Commission should also not be hampered in the exercise of its emergency powers contained in section 1(15) of the act.

The committee in the 86th Congress considered S. 1812 which would have allowed the Commission to impose on one or more carriers, when a shortage or threatened shortage of freight cars exists, penalty per diem rates to relieve such shortage and to promote expeditious movement of cars. Such penalty per diem rates, while perhaps useful in emergencies, would not be as helpful in encouraging the construction of cars as would the incentive charges provided for under the present bill. The committee believes that penalty per diem rates are not desirable if other methods are available. By the same token, the committee does not look with favor on legislation to subsidize the construction of new cars for railroads or to build and lease new cars to railroads so long as other methods are available.

While some eastern railroads are still challenging the payment of a rate in excess of \$2 per day, most railroads observed a per diem rate of \$2.75 from January 1, 1957, to November 30, 1959. From December 1, 1959, to December 31, 1963, the per diem rate most railroads paid to use another railroad's cars was \$2.88. As of January 1, 1964, a graduated scale replaced the flat charge varying from \$2.16 for older cars to \$7.74 for most costly units. Effective April 1, 1965, three additional value brackets of \$9, \$10.18, and \$12.18, were added to the scale. The present charges, with the percent of total cars in each value bracket, are shown below:

Per diem charges, Apr. 1, 1965

Car value	Per diem charge	Percent of total cars, Sept. 1, 1964
0 to \$1,000.....	\$2.16	25.0
\$1,000 to \$5,000.....	2.79	43.4
\$5,000 to \$10,000.....	3.58	23.8
\$10,000 to \$15,000.....	4.50	6.0
\$15,000 to \$20,000.....	6.15	1.4
\$20,000 to \$25,000.....	7.11	.4
\$25,000 to \$30,000.....	9.00	
\$30,000 to \$35,000.....	10.18	
Over \$35,000.....	12.18	

Opinions differ as to the adequacy of this charge. Railroads are contesting this graduated scale before the Commission, some charging it is too low, and others that it is too high. The committee is convinced that: (1) the current charges provide no profit for the car

owner, over and above the "barebone cost of ownership," if it is even sufficient for that purpose; (2) that the highest per diem rate of \$12.18 is wholly inadequate to cover even the "barebone cost" of a new freight car bought or built today; and (3) that the current graduated per diem rates are wholly inadequate to provide sufficient incentive for acquisition or construction of additional new freight cars.

Enactment of S. 1098 is supported by the Interstate Commerce Commission, the Department of Commerce, the Department of Agriculture, the Department of Defense, the National Association of Railroad & Utilities Commissioners, the American Farm Bureau Federation, the American Plywood Association, the National Council of Farmer Cooperatives, a substantial segment of the railroad industry, by shippers and shipping organizations, particularly among the grain, milling, and lumber trades, who continue to suffer severely from recurrent car shortages; and by many States, cities, and ports.

AMENDMENT ADOPTED BY COMMITTEE

At the end of the bill insert a new sentence as follows:

In the consideration of any element included in determinations pursuant to this paragraph as an incentive to car acquisition and maintenance the Commission is empowered to make such element, or any part thereof, inapplicable: (1) to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; (2) to carriers which terminate a substantially higher percentage of interline traffic than they originate; (3) to types of freight cars the supply of which the Commission finds to be adequate, and (4) to such other cases or circumstances as the Commission finds to be in the public interest.

Conforming amendment: On page 1, line 4, strike out "a new sentence," and insert "new sentences."

§ The Commission's interpretation of this amendment, with which the committee concurs, is as follows:

All the factors mentioned in the proposed amendment would be considered by the Commission under the language of the bill as introduced.

CONCLUSION

Again this year, the Nation will be faced with a serious car shortage; perhaps even the worst shortage in our Nation's peacetime history. Year after year, conditions have become progressively worse. These shortages annually not only affect our agriculture, livestock, mining and lumber industries, but cause widespread unemployment, impede trade and commerce, and cause fluctuations in supply which impose added cost burdens on consumers. The committee recommends that action be taken promptly to encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense by the enactment of S. 1098.

COST

The enactment of this bill will result in no increased Federal expenditures.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

INTERSTATE COMMERCE ACT

SEC. 1(14)(a) The Commission may, after hearing, on a complaint or upon its own initiative without complaint, establish reasonable rules, regulations, and practices with respect to car service by common carriers by railroad subject to this part, including the compensation to be paid and other terms of any contract, agreement, or arrangement for the use of any locomotive, car, or other vehicle not owned by the carrier using it (and whether or not owned by another carrier), and the penalties or other sanctions for nonobservance of such rules, regulations or practices. *In fixing the compensation to be paid for the use of freight cars, the Commission shall give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply and shall, on the basis of such consideration, determine whether compensation should be computed on the basis of elements of ownership expense involved in owning and maintaining freight cars, including a fair return on value (which return shall be fixed at such level as in the Commission's judgment will encourage the acquisition and maintenance of an adequate freight car fleet), or should be computed on the basis of elements reflecting the value of use of freight cars, or upon such other basis or combination of bases as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. In the consideration of any element included in determinations pursuant to this paragraph as an incentive to car acquisition and maintenance the Commission is empowered to make such element, or any part thereof, inapplicable: (1) to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; (2) to carriers which terminate a substantially higher percentage of interline traffic than they originate; (3) to types of freight cars the supply of which the Commission finds to be adequate, and (4) to such other cases or circumstances as the Commission finds to be in the public interest.*

AGENCY COMMENTS

The comments of the agencies and departments received by the committee follow (all agencies and departments supported the bill except the Department of Justice which withheld comment):

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 8, 1965.

Re B-101874.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: We have your letter of February 19, 1965, asking for our comments on S. 1098.

S. 1098 proposes to alleviate the chronic national freight car shortage by amending section 1(14)(a) of the Interstate Commerce Act, 49 U.S.C. 1(14)(a), to authorize the Interstate Commerce Commission to fix more realistic car rentals to be paid by nonowning railroads. The rationale underlying this type of proposal is that the freight car supply may be augmented by the purchase of new cars if per diem rentals are increased so that it is no longer cheaper to rent cars owned by other railroads than to own an adequate supply. In this respect, S. 1098 is identical to S. 179, introduced January 6, 1965. However, unlike S. 179, S. 1098 does not contain a restriction limiting its applicability to the 2-year period immediately following the first Interstate Commerce Commission orders issued thereunder. The 2-year limitation in S. 179 would make the amendment experimental; at the expiration of the time limit, Congress would consider the efficacy of the measure and the desirability of making it permanent. We furnished you our comments on S. 179 in our letter of February 1, 1965, B-101874.

The national freight car shortage, which has existed and increased over the last few years, is a matter of public knowledge. In its 78th annual report, the Interstate Commerce Commission recommends the enactment of legislation similar to that proposed in S. 1098 (legislative recommendation No. 6, pp. 63-64). The Commission has recommended such legislation annually since 1955; hearings on bills having this import were held during the 84th, 85th, 87th, and 88th Congresses. S. 1063, 88th Congress, 2d session, was reported favorably by your committee (after addition of a 2-year limitation period), but there was no further action.

Legislation of the type proposed in S. 1098, if enacted, would not directly affect the functions and operations of our Office, but we think it is in the public interest. We therefore recommend that it receive favorable consideration by your committee.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 6, 1965.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR SENATOR MAGNUSON: This will reply to your letter of February 19, 1965, inviting comments on S. 1098, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

The bill would add a new sentence to the above section, as follows: "In fixing the compensation to be paid for the use of freight cars, the Commission shall give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply and shall, on the basis of such consideration, determine whether compensation should be computed on the basis of elements of ownership expense involved in owning and maintaining freight cars, including a fair return on value (which return shall be fixed at such level as in the Commission's judgment will encourage the acquisition and maintenance of an adequate freight car fleet), or should be computed on the basis of elements reflecting the value of use of freight cars, or upon such other basis or combination of bases as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense."

The Department recommends passage of this bill. It may be well, in view of the committee amendment to S. 1063, 88th Congress, to add a section 2 reading: "The amendment made by this act shall be effective only during the 2-year period following the effective date of the first orders issued by the Interstate Commerce Commission under the authority of such amendment with respect to compensation to be paid for the use of freight cars." Addition of such a section would allow a fair time for appraisal of the effect of Interstate Commerce Commission orders which may result from enactment of the bill, and provide experience by which to judge the bill's effects on the car supply situation.

The supply of serviceable freight cars continues to decline by substantial numbers annually. The inadequate car supply has placed a burden not only on domestic commerce but on our exports of agricultural products by adding to port costs. Many railroads have taken the position that they do not care to speculate on there being sufficient future traffic to justify purchases of high-priced cars, particularly the general purpose box car. This attitude has been maintained even though the Interstate Commerce Commission forecasts greater future traffic requiring more cars.

The bill, if made law, probably would have the effect of increasing the present utility of cars by increasing the turn-around rate. This, of course, would be beneficial. Higher per diem for cars does brighten the financial opportunity for acquisition of additional cars, but this alone may not be enough to stimulate the needed increase in car acquisition. The adoption by the railroads in 1964 of a multilevel rate of compensation for each other's freight cars has not yet aided in

bettering either the car supply or the railroad ability to meet adequately the needs of commerce.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., May 6, 1965.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on S. 1098 and S. 1786, identical bills, and a similar bill, S. 179, to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

These bills would add a new sentence to section 1(14)(a) requiring the Interstate Commerce Commission, in fixing the compensation to be paid for the use of freight cars, to give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply. On the basis of such consideration, the Commission would be required to determine whether compensation should be computed on the basis of elements of ownership expense, the value of use, or upon a combination of bases as in its judgment would provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. S. 179 provides that the amendment to the act made by the bill shall be effective only during a 2-year period.

This legislation has been recommended by the Commission annually since 1955. This proposal stemmed from the decision of the U.S. District Court for the District of Columbia in the *Palmer* case, a suit against an order of the Commission increasing per diem from \$1.15 to \$2 for 6 months, October 1, 1947, to March 31, 1948, to " * * * promote greater efficiency in the use and increase the supply of cars * * *." The court in holding the order invalid said "the specific power to fix compensation for the use of cars is not coextensive with the general power to regulate the use of cars." *Palmer v. United States*, 75 F. Supp. 63, 67 (D.C.D.C. 1947).

The current bills have been introduced to overcome the effect of the *Palmer* case by legislation which would give the Commission authority to fix the compensation paid for use of freight cars in relation to the national freight car supply, since the court ruled it could not do this under the existing provisions of section 1(14)(a).

The purpose of these bills is purportedly to alleviate the freight car shortage, especially the seasonal shortage for boxcars. There are sometimes proclaimed shortages of other type cars, such as refrigerator cars. The Interstate Commerce Commission has made investigations from time to time and increased the per diem rate on box cars from 20 cents to \$2.75 over a period of years, but the problem has not been solved by that method. The first extensive car shortage investigation

by the Commission was in 1907, "Car shortage—Insufficient Transportation Facilities," 12 I.C.C. 561 (1907). The next was in 1917, "Car Supply Investigation" 42 I.C.C. 657 (1917).

In 1930 the Commission, in "Rules for Car-Hire Settlement," 160 I.C.C. 369, 378 (1930), noted that, under the "per diem agreement" then in force among the common carriers by railroad, "The per diem rate is supposed to reflect the average cost, to the owner, of freight-car ownership and maintenance, and embraces cost of repairs, cost of taxes, cost of replacements, miscellaneous expenses, and 6-percent interest on the investment." Testimony at the hearings on "Freight Car Supply" in earlier Congresses, indicated that the per diem rate included, in addition, participation by the nonowner user in the idle time of the car and replacement cost based equally on cost of reproduction and on depreciation ledger value. Many specialists have counseled that the base figures used may be subject to question because the railroads follow Interstate Commerce Commission's bookkeeping classifications which do not require the segregation of car ownership costs from car use costs and other costs. It would appear appropriate to initiate changes in accounting procedures so that the cost of ownership can be segregated from the other costs which are lumped together.

The railroads are not uniform in their approach to the problem of freight car supply, the present system of car ownership, per diem car rentals, or the car service rules governing the distribution of freight cars. This divergence occurs generally between originating and terminating roads. Since originating roads must own enough cars to protect their traffic, they desire the prompt return of owned cars (especially during seasonal shortages) even if they must be moved empty. But terminating roads frequently find it advantageous to retain foreign cars and to minimize their own ownership, particularly when the revenue per loaded car-day exceeds the per diem rental and traffic is active.

Even though the per diem charge may cover the overall cost of ownership and car repair, the method used in assessing the charge—a flat per diem rate regardless of type of car, season of the year, or length of usage—does not provide a rental revenue system which takes varying cost and value situations into account. Alternative bases of charges should be considered, and put into effect, which apportion the cost of car ownership more equitably among the various classes of users, particularly those requiring premium service or service exclusively during peak demand periods.

Insofar as the railroad industry cannot agree on any suitable system of charges which takes into account an equitable apportionment of the cost of car ownership and repair, it is logical that the regulatory agency should have the authority to assist the industry to develop a more suitable system in the public interest. To this end, the present legal restrictions need to be modified through amendment to the Interstate Commerce Act.

An equitable apportionment of the cost of ownership among car users does not in any way imply support of penalty charges designed solely to punish railroads and other car users by collecting rentals or other charges over and above the cost of ownership and repair. The objectives of a penalty per diem system can better be met through the Commission's ample authority to move cars under car service orders.

A system for the equitable apportionment of car costs is similar to the well-accepted principles of utility pricing which assesses premium and peak users differentially higher rates than other users on the ground of the greater cost of providing service. S. 179, S. 1098, and S. 1786 make possible such differential charges for railroad car use.

Because of the need to provide a more equitable apportionment of railroad car costs, and because the railroad industry requires the assistance of the regulatory authorities in developing such a system of charges, the Department favors the enactment of the provisions of these bills as a means of accomplishing these objectives.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

DEAN LEWIS
(For Robert E. Giles).

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., April 9, 1965.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to S. 179 and S. 1098, 89th Congress, bills to amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

The purpose of the bills is to insure the adequacy of the national railroad freight car supply through adjustment by the Interstate Commerce Commission of the compensation to be paid for the use of freight cars. The bills prescribe the criteria to be employed by the Commission in considering methods by which compensation may be adjusted so that it will be just and reasonable, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

The Department of Defense is vitally interested in an adequate railroad freight car supply in the United States. It appears that enactment of the proposal may contribute in some measure toward improving the freight car supply situation in the United States in the future. Although it is believed that, under the Interstate Commerce Act as presently written, the Commission could utilize the criteria set forth in these bills, it would be advantageous if the Interstate Commerce Act were amended to be more specific and mandatory on this point. Accordingly, the Department of Defense recommends enactment of this legislation.

The fiscal effects of this proposal cannot be estimated.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

Identical report sent to House Interstate and Foreign Commerce Committee on H.R. 425, 89th Congress, this date.

DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., March 22, 1965.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 1098, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

This bill has been examined, but since its subject matter does not directly affect the activities of the Department of Justice, we offer no comment on it.

Sincerely,

RAMSEY CLARK,
Deputy Attorney General.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 7, 1965.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Your letter of February 19, 1965, requested the views of the General Services Administration on S. 1098, 89th Congress, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

The purpose of the bill is to amend the Interstate Commerce Act to grant the Interstate Commerce Commission authority to prescribe charges for the use of railroad freight cars on a basis that will provide an economic incentive to the railroads to acquire and maintain a supply of freight cars adequate to meet the needs of commerce and the national defense. The bill is identical with S. 179, 89th Congress, on which we have earlier submitted a report favoring enactment, except that the instant bill (S. 1098) does not carry any limitation on effectiveness of the amendment, as did S. 179.

Under title II of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 481), GSA is responsible for prescribing for the use of executive agencies, policies and methods of procurement and supply of transportation and traffic management. In addition, with respect to transportation and other public utility services for the use of executive agencies, GSA is responsible under this authority for the representation of such agencies in negotiations with carriers and other public utilities and in proceedings involving carriers or other public utilities before Federal and State regulatory bodies.

Inasmuch as we believe that appropriate measures to increase freight car supply are in the interest of shippers, including the executive agencies of the Government, GSA favors the enactment of this measure.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this report to your committee.

Sincerely yours,

LAWSON B. KNOTT,
Acting Administrator.

APRIL 6, 1965.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce
U.S. Senate, Washington, D.C.

DEAR CHAIRMAN MAGNUSON: Your letter of February 19, 1965, addressed to the Chairman of the Commission and requesting comments on a bill, S. 1098, introduced by you (for yourself and 31 other Senators), to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, has been referred to our Committee on Legislation. After consideration by that committee, I am authorized to submit the following comments in its behalf:

S. 1098 (which is identical to Legislative Recommendation No. 6 in the Commission's 78th annual report), would grant the Interstate Commerce Commission authority to prescribe per diem charges for the use of railroad freight cars on a basis that will provide an economic incentive to the railroads to acquire and maintain a supply of freight cars adequate to meet the needs of commerce and the national defense.

The diminishing supply of railroad freight cars has been a matter of considerable concern to the Commission for many years. Despite the generally expanding economy of the country, the ownership of freight cars is now less than it was during World War II. As a result, critical shortages of increased duration and severity have become almost commonplace on the national transportation scene. Studies made in 1950 indicated that a total of 1,935,500 freight cars would be required by 1956 to meet the anticipated needs of shippers. As of January 1, 1956, however, freight car ownership and control of class I railroads (including railroad-owned or controlled refrigerator cars) totaled only 1,774,614 cars. As of January 1, 1965, this figure had fallen to 1,550,477 cars, a record low.

In addition to inadequate car ownership, one of the greatest contributing factors to recurring freight car shortages has been the failure of some carriers to utilize the existing fleet of equipment more efficiently. During periods of critical shortages the Commission has resorted to every means at its command to cope with the problem. We have issued numerous car service orders to assure equitable distribution and maximum utilization of the freight cars remaining in service. In addition, greatly stepped up demurrage charges have helped to insure prompt loading and unloading by shippers and receivers. While such actions have heretofore provided a measure of relief, they are becoming less effective and increasingly controversial as the total supply of freight cars continues to decline each year.

Since the earning value of freight cars often substantially exceeds the current scale of per diem charges, some of the carriers have found it cheaper to pay the per diem or car rental charge than to own cars. These carriers, therefore, lack sufficient economic incentive to provide

their fair share of an adequate car supply. The assistance that can be expected from the institution of the multilevel per diem system established by the carriers is questionable. This system is based generally on the concept of adequate compensation to owners of cars purchased, on the basis of cost, condition, or age, but compliance with the plan is voluntary and some carriers have not accepted it.

Some time ago the Commission attempted to take the profit out of "renting" equipment by imposing a penalty per diem charge which it believed would furnish a pecuniary spur to deficit railroads to acquire a sufficient number of cars to at least take care of their own loading obligations. (*Increased Per Diem Charges on Freight Cars*, 268 I.C.C. 659 (1957)). However, in *Palmer v. United States*, 73 F. Supp. 63 (1947), the Commission's order was set aside by a three-district court which held that the Commission could not prescribe per diem charges for "regulatory" purposes. The effect of this decision has been construed as precluding the Commission from prescribing per diem charges which would produce a profit to the carrier owner, provide an incentive for car ownership, recognize the value of the use of freight cars, and require the acquisition and maintenance of a car supply adequate to meet the needs of commerce and of the national defense. While the *Palmer* case may not place the stringent limitations upon the Commission which some suggest, we believe that there is sufficient doubt in this respect that it should be made clear in the statute that the Commission has authority to establish per diem charges above the bare costs of ownership and at a level that would make the advantages of owning equipment more attractive.

If the advantages of owning equipment could be made more attractive, there should be a greater willingness on the part of every railroad to make its just and equitable contribution to the national freight car fleet. S. 1098 proposes to accomplish this objective by amending section 1(14)(a) of the act so as to authorize the Commission in establishing a per diem charge for the use of freight cars to determine whether such charge should be computed upon the basis of the elements of ownership expense involved, including a fair return on value, or on elements reflecting the value of their use, or upon such other basis or combinations of bases as, in the Commission's judgment, will provide reasonable compensation to the owner, contribute to sound car service practices, and encourage the acquisition of an adequate national supply of freight cars. In essence, the proposal would authorize the Commission to fix per diem charges which would motivate every railroad to maintain its ownership of freight cars at a level which will meet the needs of the shipping public during normal times and provide a reasonable supply during periods of emergency. Its enactment would thus overcome the effect of the decision in the *Palmer* case and would be of substantial assistance to the Commission in its efforts to alleviate the crippling economic effects of freight car shortages.

For the above reasons we strongly support enactment of S. 1098.
Respectfully submitted.

JOHN W. BUSH,
Acting Chairman, Committee on Legislation.
LAURENCE K. WALRATH.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., April 12, 1965.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on S. 179, 89th Congress, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

Past periods of car shortages and surpluses have shown that the national freight car inventory reflects changes in the level of tariff, rather than changes in the amount charged for freight car hire. However, we are in favor of measures which would encourage railroads to construct rather than rent boxcars and believe that this bill might assist in attaining that objective.

While it is not certain that this bill will contribute substantially to strengthening the mobilization base, we favor the proposed authorization of the Interstate Commerce Commission to consider freight car supply as a factor in its determination of rental rates.

From the standpoint of the administration's program, the Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely,

FRANKLIN B. DRYDEN
(For Buford Ellington, Director.)

○

1053

...

...

...

89TH CONGRESS
1ST SESSION

S. 1098

[Report No. 386]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 1965

Mr. MAGNUSON (for himself, Mr. ALLOTT, Mr. BARTLETT, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CARLSON, Mr. CHURCH, Mr. CURTIS, Mr. DOMINICK, Mr. DOUGLAS, Mr. EASTLAND, Mr. GRUENING, Mr. HRUSKA, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. McCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mrs. NEUBERGER, Mr. PEARSON, Mr. RANDOLPH, Mr. SMATHERS, Mr. SYMINGTON, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Commerce

JUNE 30 (legislative day, JUNE 29), 1965

Reported by Mr. MAGNUSON, with an amendment

[Insert the part printed in italic]

A BILL

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 (14) (a) of the Interstate Commerce Act
4 is amended by adding at the end thereof a new sentence
5 reading as follows: "In fixing the compensation to be paid

1 for the use of freight cars, the Commission shall give con-
2 sideration to the level of freight car ownership and to other
3 factors affecting the adequacy of the national freight car
4 supply and shall, on the basis of such consideration, deter-
5 mine whether compensation should be computed on the
6 basis of elements of ownership expense involved in owning
7 and maintaining freight cars, including a fair return on
8 value (which return shall be fixed at such level as in the
9 Commission's judgment will encourage the acquisition and
10 maintenance of an adequate freight car fleet), or should be
11 computed on the basis of elements reflecting the value of
12 use of freight cars, or upon such other basis or combination
13 of bases as in the Commission's judgment will provide just
14 and reasonable compensation to freight car owners, con-
15 tribute to sound car service practices, and encourage the
16 acquisition and maintenance of a car supply adequate to
17 meet the needs of commerce and the national defense.
18 *In the consideration of any element included in determina-*
19 *tions pursuant to this paragraph as an incentive to car*
20 *acquisition and maintenance the Commission is empowered*
21 *to make such element, or any part thereof, inapplicable: (1)*
22 *to carriers determined by the Commission as owning an ade-*
23 *quate number of freight cars to meet their responsibilities*
24 *to the needs of commerce and the national defense; (2) to*
25 *carriers which terminate a substantially higher percentage*

1 of interline traffic than they originate; (3) to types of freight
2 cars the supply of which the Commission finds to be adequate,
3 and (4) to such other cases or circumstances as the Com-
4 mission finds to be in the public interest."

[Report No. 386]

A BILL

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

By Mr. MAGNUSON, Mr. ALLOT, Mr. BARTLETT, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CARLSON, Mr. CHURCH, Mr. CURTIS, Mr. DOMINICK, Mr. DOUGLAS, Mr. EASTLAND, Mr. GRUENING, Mr. HRUSKA, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLURE, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. MONDALE, Mr. MONROE, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mrs. NEUBERGER, Mr. PEARSON, Mr. RANDOLPH, Mr. SMATHERS, Mr. SYMINGTON, and Mr. YARBOROUGH

FEBRUARY 10, 1965

Read twice and referred to the Committee on
Commerce

JUNE 30 (legislative day, JUNE 29), 1965

Reported with an amendment

enators will join me in keep-
watch on what happens not
the FAA, but everywhere in our
Government.

That a complete study be
determine whether we have in
y a continuing source of high
an administrators with the
education and experience to
nent administrative positions.
ussions accomplish this one
hat of a watchful Congress
over an alarming trend—it
been worthwhile. It will have
vice in preserving our system
ment under civilian leadership.
have strengthened our Presi-
his civilian colleagues as they
easy citizenry in an uneasy
crisis to new crisis.

PRESIDING OFFICER. The
Will the Senate advise and
the nomination of Gen. Wil-
McKee to be Administrator of
l Aviation Agency?
ination was confirmed.

FEDERAL AVIATION AGENCY

lative clerk read the nomina-
vid D. Thomas, of Virginia, to
Administrator of the Federal
gency.

PRESIDING OFFICER. With-
on, the nomination is con-

DEPARTMENT OF THE ARMY

lative clerk read the nomina-
unley R. Resor, of Connecticut,
etary of the Army, and David
rt, of the District of Columbia,
er Secretary of the Army.

MANSFIELD. Mr. President, I
ous consent that the nomina-
nsidered en bloc.

PRESIDING OFFICER. With-
on, the nominations are con-
l confirmed en bloc.

DEPARTMENT OF THE NAVY

lative clerk read the name of
B. Baldwin, of New Jersey, to
ecretary of the Navy.

PRESIDING OFFICER. With-
on, the nomination is con-

MANSFIELD. Mr. President, I
ous consent that the Presi-
mediately notified of the con-
f these nominations.

PRESIDING OFFICER. With-
on, the President will be noti-
fied.

LEGISLATIVE SESSION

n of Mr. MANSFIELD, the Sen-
l the consideration of legisla-
s.

MANSFIELD. Mr. President, I
absence of a quorum.

PRESIDING OFFICER. The
all the roll.

lative clerk proceeded to call

Mr. MANSFIELD. Mr. President, I
ask unanimous consent that the order
for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without
objection, it is so ordered.

ALLEVIATION OF BOXCAR SHORTAGE

Mr. MANSFIELD. Mr. President, I
ask unanimous consent that the bill (S.
1098) which was reported earlier today
be made the pending business.

The **PRESIDING OFFICER.** The bill
will be stated by title.

The **LEGISLATIVE CLERK.** A bill (S.
1098) to amend section 1(14)(a) of
the Interstate Commerce Act to insure
the adequacy of the national railroad
freight car supply, and for other pur-
poses.

The **PRESIDING OFFICER.** Is there
objection to the present consideration of
the bill?

There being no objection, the Senate
proceeded to consider the bill, which had
been reported from the Committee on
Commerce, with an amendment, on page
2, after line 15, to insert:

In the consideration of any element in-
cluded in determinations pursuant to this
paragraph as an incentive to car acquisition
and maintenance the Commission is em-
powered to make such element, or any part
thereof, inapplicable: (1) to carriers deter-
mined by the Commission as owning an ade-
quate number of freight cars to meet their
responsibilities to the needs of commerce and
the national defense (2) to carriers which
terminate a substantially higher percentage
of interline traffic that they originate; (3)
to types of freight cars the supply of which
the Commission finds to be adequate, and
(4) to such other cases or circumstances as
the Commission finds to be in the public in-
terest.

So as to make the bill read:

*Be it enacted by the Senate and House of
Representatives of the United States of
America in Congress assembled,* That section
1(14)(a) of the Interstate Commerce Act
is amended by adding at the end thereof a
new sentence reading as follows: "In fixing
the compensation to be paid for the use of
freight cars, the Commission shall give con-
sideration to the level of freight car owner-
ship and to other factors affecting the ade-
quacy of the national freight car supply and
shall, on the basis of such consideration,
determine whether compensation should be
computed on the basis of elements of owner-
ship expense involved in owning and main-
taining freight cars, including a fair return
on value (which return shall be fixed at
such level as in the Commission's judgment
will encourage the acquisition and mainte-
nance of an adequate freight car fleet), or
should be computed on the basis of elements
reflecting the value of use of freight cars, or
upon such other basis or combination of
bases as in the Commission's judgment will
provide just and reasonable compensation
to freight car owners, contribute to sound
car service practices, and encourage the ac-
quisition and maintenance of a car supply
adequate to meet the needs of commerce
and the national defense."

In the consideration of any element in-
cluded in determinations pursuant to this
paragraph as an incentive to car acquisition
and maintenance the Commission is em-
powered to make such element, or any part
thereof, inapplicable: (1) To carriers deter-
mined by the Commission as owning an
adequate number of freight cars to meet their

responsibilities to the needs of commerce and
the national defense; (2) to carriers which
terminate a substantially higher percentage
of interline traffic that they originate; (3)
to types of freight cars the supply of which
the Commission finds to be adequate, and
(4) to such other cases or circumstances as
the Commission finds to be in the public
interest.

Mr. MAGNUSON. Mr. President, the
bill, which was ordered reported unan-
imously by the Commerce Committee,
concerns the freight car shortage that
occurs annually in the United States,
particularly in the West, where there
are seasonal movements of grain and
other agricultural products that must be
moved to market.

Every year we encounter the problem
because there are not enough freight
cars to handle the needs of commerce.
The shortage results from the fact that
many western roads build sufficient cars,
but the trouble is that when the cars
are on eastern roads, in the course of
delivering goods to eastern markets,
there is a reluctance on the part of some
railroads in the East to return the cars,
sometimes for no good reason. Some of
them have not been able to build enough
freight cars to take care of their own
needs.

For many years there was a daily
rental charge of \$2 a day. Now, through
voluntary agreements, the rental charge
averages about \$4 per day for an individ-
ual boxcar of the type we are talking
about.

Some railroads find it more desirable
to keep the boxcars and pay the \$3 or
\$4 rental—at one time it was less than
\$2—than to buy boxcars. It is less
costly to rent cars than to build them.

In addition, some boxcars are lost in
Canada or in Mexico—not too many,
but a few.

We have tried for many years to have
the railroads work out a voluntary agree-
ment whereby the rental charge for cars
would be sufficient so that there would
not be any temptation to keep them
rather than building cars.

Frankly, some of the eastern railroads,
particularly those in the Northeast,
which may be terminal railroads, at the
end of the line, find that when the goods
are delivered there, the cars stay there
until there is a return load. Many of
them, particularly the New England
roads, have not been financially able to
do anything about the boxcar situation.

For many years we have urged the
railroads to enter into a voluntary agree-
ment on this matter, but they have not
been able to do so. We have to pass the
bill which I have just reported, to give
the Interstate Commerce Commission
sufficient authority to act in this matter.
The Commission would make a survey of
railroads that live up to their responsi-
bilities to build freight cars, those that
have and those that have not, and could
act to relieve the situation, so that we in
the West can obtain the cars we need.

The reason why the majority leader
was motivated to bring up the bill at this
time is that, from all reports we receive,
the car shortage in the West, and par-
ticularly the Midwest, could become the
worst in peacetime history. The figures
are in the report. The decline in car

construction has been greater in the past 2 or 3 years than ever before, despite the fact that the railroads are doing better and that we are in a period of general prosperity. Still there has been no move to build boxcars.

The average boxcar costs about \$8,000 or \$9,000 to build. If we consider the reefer, a special type of boxcar, it costs between \$10,000 and \$15,000. If a railroad can rent a boxcar for a \$4 a day—there is a sliding scale, but the average runs less than \$3—railroads will be reluctant to spend the money needed to build boxcars.

Our friends from New England have a real problem. Such railroads as the Boston & Maine, and other New England railroads, even the Pennsylvania, may find themselves in a financially strapped position, because they are terminal lines. It is difficult to handle this situation.

We are trying to find an equitable solution so as to have the boxcars available at the time they are needed.

There is an amendment to the original bill which was introduced by myself and many other Senators. The bill has an amendment which will allow the Interstate Commerce Commission to take into consideration, in issuing an order or regulation, the situation of a terminal railroad.

We have as members of our committee the distinguished Senator from Rhode Island [Mr. PASTORE], the distinguished Senator from New Hampshire [Mr. COTTON], and other distinguished Senators who have been very considerate in this matter. The amendment which has been adopted will take care of this situation.

We hope we can have expeditious action, because the bill, if it is passed, will allow the Interstate Commerce Commission to begin work immediately on this matter.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. YOUNG of North Dakota. I join the Senator from Washington and the Senator from Kansas in support of this legislation. We have had this problem in the West at harvesttime, going back 15 or 20 years or more. The situation is somewhat better, but we still face a serious problem. In North Dakota we already have a shortage of boxcars, and it is a month before harvest. We may have to do what we have had to do in the past, and that is dump a lot of grain on the ground at harvesttime if we cannot get cars.

The ICC is doing a good job trying to take care of the situation, but I do believe this legislation will help all around.

Mr. MAGNUSON. The Senator from North Dakota, as well as the Senator from Montana and other Senators, have tried to arrive at a sensible solution whereby we would not penalize the terminal lines, and still have freight cars available. This looks like the only solution.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Kansas.

Mr. PEARSON. The distinguished chairman of the committee, who has worked so long and hard on this par-

ticular problem, has, in the explanation of the bill, laid out the problem as it exists.

Actually, the incentive is twofold. First, it is to get the receiving lines to return the cars, and, second, to have lines which have a shortage of boxcars encouraged to build more.

The other point I would like to make is that we learned from the hearings which the chairman permitted me to hold in the Midwest that this is no longer a seasonal problem, because it exists the year around; it is no longer a sectional problem, because it exists all over the United States; and it is no longer directed to a particular industry, because it just does not affect the grain marketing area. It affects the steel industry and other industries all over the United States. Let me add further that, in relation to the amendments to which the chairman of the committee the distinguished Senator from Washington referred—this is the ICC in determining a fair per diem rate, considering all the factors which are quite complicated:

In considering any element included in the determination pursuant to this paragraph as an incentive to correct acquisition and maintenance, the Commission is empowered to make such elements or any part thereof inapplicable.

Then it goes on through four things.

The point I wish to make is in reference to the word "empowered." I was absent at the time this matter was adopted, although I knew about it all along. What is the real meaning, the legal interpretation, as the committee considered it in reference to the word "empowered"?

Mr. MAGNUSON. First of all, we were striving to enact freight car legislation which would apply overall, but in this amendment we empower—that is, give authority—extend to the ICC authority to take under consideration certain factors, which we list, which could effect what we call terminal lines. The ICC was not too happy about the amendment because they said that they would do it, anyway, but that if we passed a law without the amendment they would have to apply any criteria to the New Haven Railroad, very much in the same way they applied any criteria to a prosperous railroad in the Middle West not living up to its responsibilities.

Mr. PASTORE. Mr. President, will the Senator from Washington yield on that point?

Mr. MAGNUSON. Yes—I believe that is my understanding. It does not make it mandatory. It does not say that the Commission shall do it, but they will consider the situation. I do not see how any ICC Commissioner, now or in the future, could help not being conscious of the situation.

Mr. PASTORE. The record should be made clear on the question that the wheat-producing States do have a serious problem on the car shortage. It so happens that we who live in the East and have a terminal railroad like the New Haven are met with the proposition that when there is an empty car that comes into our part of the country, that car must be filled up before we can fill up our own to send it back. This creates

a serious problem, especially when we take into account the fact that the New Haven Railroad is already in serious economic trouble.

It was I who raised the question to the committee. I take this occasion to thank my colleagues for the consideration they gave to the problem which I raised. I suggested at the time that the staff talk with the members of the ICC, and also with the representatives of the railroads, to see if we could in somehow fashion an amendment which would take care of that particular problem.

In the process, we were assured by the ICC that they would do it anyway. Many of us on the committee, feeling that men change, that commission change, felt that it would be better to write it into law and that is the reason for putting it in the law. I believe I have stated the proposition correctly. Have I not?

Mr. MAGNUSON. The Senator has done so correctly. It will allow the Commission to take into consideration those matters where there is a railroad which is in this situation. I would rather have a much stronger bill than this kind of bill, which would cover everything. This bill is a great step forward in solving our problem. I am sure that the Commission can work within the amendment, and do what they wish to do. They probably would have done it anyway.

Mr. HRUSKA. Mr. President, will the Senator from Washington yield?

Mr. PEARSON. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I am glad to yield to the Senator from Kansas, and then to the Senator from Nebraska.

Mr. PEARSON. I agree with the Senator from Washington that the law is not going to solve the whole problem. As the Senator from Rhode Island has mentioned, traffic moves from the West east to the great exporting ports. There are many things, perhaps, which we can do. The ICC could be given the power, perhaps, to make a reduction in the per diem rate for the prompt and shipment back of boxcars, or allow a greater tax writeoff for amortization of the construction of boxcars. This will not solve the whole of the problem, but it will be a real step forward.

Mr. MAGNUSON. The Senator is correct. The ICC would be able to pinpoint what the problem is, and say to railroad A, "Look, in the first place you are not building enough cars to take care of your needs. You are switching cars where you do not have the turnaround and you are using too high a percentage of cars from other railroads on a per car basis." I do not believe that that will have to do much enforcing. I believe that when this matter is brought to the attention of these problems will work themselves out.

Mr. HRUSKA. Mr. President, I would like to make a brief comment. I would like to say how much we are gratified in part of the Nation for the action which has been taken by the Commerce Committee, its chairman and members.

This has been a sore problem for many years, ever since I can remember in

previous business experience and in my political experience.

It used to be only a seasonal problem, during the harvesting months, but now it is the year-round, as has already been observed. This year is no exception.

I believe that the dearth of boxcars this year will be as great or greater than at any other time.

The Senator from North Dakota [Mr. Young] has already commented on that.

It has been felt, of course, that adoption of the amendment would dilute this measure somewhat, but I do believe the bill as now written is a step forward and we should go ahead with it.

In addition to acknowledging the good work of the committee and its members, I also wish to acknowledge the cooperation of the Interstate Commerce Commission. The Commission has consistently responded to service orders and other means available to them to try to alleviate the many burdens which have come to our part of the country because of the boxcar shortage by extending the investment incentives. With investment incentive as well as the return incentive as provided here will vastly improve the situation.

Again, I commend the chairman of the subcommittee for having acted in this fashion to meet this important need.

Mr. MAGNUSON. No one has been more concerned than the Senator from Nebraska concerning this matter. The Senator from Kansas [Mr. Pearson] held hearings this year out in the field where we heard from the people. This is not just someone making a great outcry over it. This has become a very serious matter. It used to be, as the Senator from Nebraska just said, confined to grain, but now it is on every kind of raw material which we transport. The shortage is all over the country. It may be that what we say today, in enacting the bill, will make all railroads a little more active in the field of assessing the freight car situation. I believe that most of them have been waiting for the other railroads to do something, or vice versa. It is a sort of built-in retardation on freight cars. This does not help the statistics. The report is alarming in the number of boxcars which have gone out of existence this past year, or have become too old for use. No one has built any new ones.

We have had this bill before the Senate before—as the Senator will remember—and we used to count noses and found out that everyone east of the Mississippi would vote against the bill, and everyone west of the Mississippi would vote for it. There were just more Senators east of the Mississippi in the Senate than there were west of the Mississippi. So we used to hold hearings every year, and on the floor of the Senate both sides almost gave it up, but the situation is getting so bad overall that now the southern railroads are feeling the terrible pinch on freight cars.

It may be that this action will stimulate everyone to do a little more in this field.

Mr. HRUSKA. The situation has been described correctly. For years, in the Middle West, we have felt that the rail-

roads there have furnished more than their share, certainly a very generous share of the cars, considering the mileage and the freight that they generate. However, there has always been the cry that the other railroads did not do their share.

When the Senator from Kansas held the hearings in my home city of Omaha, that same song was sung once again. The conclusion was expressed that something must be done in a fundamental way. We are sure that this bill will represent some real progress.

Mr. ALLOTT. Mr. President, I compliment the chairman of the committee on bringing the bill to the floor. The problem has recurred every year that I can recall. Each year we have been faced with a boxcar shortage. The facts which the chairman and the Senator from Nebraska have recited have been recited over and over again. There has always been the feeling, because there has not been a sufficient daily rate charged, that certain railroads were furnishing more than their share of the boxcars. Our railroads in the West have always felt that they were furnishing more than their share of boxcars.

Mr. MAGNUSON. They were.

Mr. ALLOTT. The figures seem to support the statement that they were.

Now we get to the point where the ICC will be able to do something about the problem. Through the past few years the distinguished chairman [Mr. Magnuson] and some of us in the Midwest have had numerous conferences with the ICC. They have moved in some people on an emergency basis, and I believe they have done everything that they could do under the law and under the circumstances to alleviate the situation.

Now we have put in the Commission's hands the power to do something about it.

I would be remiss in paying my respects to the chairman and to the distinguished Senator from Nebraska [Mr. Hruska], who has done so much work on this situation in the last few years, if I did not also say to the distinguished Senator from Kansas [Mr. Pearson] that we in Colorado were deeply appreciative for having been given the opportunity to have a hearing held there, at which our people could testify. Some of that testimony bears out the statements that have been made on the floor. My junior colleague from Colorado has also been very much interested in this subject. I believe we are moving in the right direction.

Mr. DOMINICK. Mr. President, I appreciate the courtesy of the Senator from Washington. He has been working on this problem for about 17 years. It must be a great relief to him to get the bill to the floor and in a position where it is almost assured of passage.

While we are passing out accolades, in addition to the junior Senator from Connecticut, who has spearheaded drives in this field, in which I have participated, I also wish to say a word in behalf of the Senator from New Hampshire [Mr. Cotton], who has been able to bring about a meeting of minds in working out language which helped to avoid some of the internecine fighting that we had be-

fore between the railroads in connection with this problem. I know at firsthand that the railroad car shortage is growing worse, instead of better.

The bill is a step in the right direction, even though it may not cure the whole problem overnight. I congratulate the chairman and the Senator from Nebraska and the junior Senator from Kansas and everyone else who has worked on this program of trying to get something done. I am not sure that we have found the whole solution to the problem. I might say to the distinguished chairman that it may be that as time goes on, if we find it does not form a right method by which the ICC can work out the problem of getting more boxcars, we shall have to enact some kind of incentive program. However, that is for the future. At least, this is a step in the right direction. I congratulate everyone.

Mr. MAGNUSON. Mr. President, when the Senator from Colorado said that this problem has been with us 17 years, I was reminded that it has indeed been with us for a long time. When the distinguished Senator was holding his hearings, the former chairman of the Committee on Commerce, Ed Johnson, from the State of Colorado, former Governor of the State, said, when the hearing was scheduled, that this was one hearing he wanted to attend. He did.

Mr. DOMINICK. I remember that during one of the hearings the chairman himself said that the first record we had of complaints in the Senate, at least written records, concerning the shortage of boxcars, was in 1906.

Mr. MAGNUSON. Yes.

Mr. DOMINICK. The problem has been with us for a long time.

Mr. MILLER. Mr. President, I wish to add my commendation to the chairman for taking action on the bill. I would have preferred to have the bill left as it was. I recognize the problems the chairman had with the bill. Perhaps there is a need at this time to have a modification of it. I trust that if the results are not what we hope they will be, the chairman of the committee will keep an open mind on the subject for possible future changes, which will alleviate the problem. I am sure he will do so.

Mr. MAGNUSON. We shall have another go at it.

Mr. MILLER. That is a fair approach. I thank the chairman for taking action in support of the bill. I support his action.

Mr. CURTIS. Mr. President, this measure is designed to help alleviate the boxcar shortages which each year create acute hardships in Nebraska and other Farm Belt States. I am pleased to be listed as sponsor or cosponsor. All Nebraskans are very grateful to Chairman Magnuson of the Committee on Commerce for his consideration of this problem.

It is important that Congress enact legislation which would help assure the midwestern grain industry of an adequate supply of cars to ship their product when it is ready for shipment, and which would help avoid losses occasioned by shortages of this equipment.

I will not dwell upon the details of the very simple proposal which would provide an incentive for railroad management to build freight cars essential to the Nation's needs. It would grant authority to the Interstate Commerce Commission to fix rental rates which would provide just and reasonable compensation to freight car owners and it would encourage the acquisition and maintenance of a car supply sufficient to meet the needs of both commerce and the national defense.

I wholeheartedly endorse this proposal, and I urge its passage to offer relief to an important segment of our economy.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the amendments of the House to the joint resolution (S.J. Res. 1) proposing an amendment to the United States Constitution relating to succession to the Presidency and Vice-Presidency and to cases where the President is unable to discharge the powers and duties of his office.

PRESIDENTIAL INABILITY AND VACANCIES IN THE OFFICE OF VICE PRESIDENT—CONFERENCE REPORT

Mr. BAYH. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S.J. Res. 1) proposing an amendment to the Constitution of the United States relating to succession to the Presidency and Vice-Presidency and to cases where the President is unable to discharge the powers and duties of his office. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BAYH. Mr. President, we have before us for final passage Senate Joint Resolution 1, which is a proposal to amend the Constitution to assure Presidential succession and authority in our Government.

The progress of the bill has been the result of the labors of many persons, particularly the President of the United

States, the leadership of this body, the leadership of the House of Representatives, the executives of the American Bar Association, and my colleagues on the Judiciary Committee, with particular emphasis upon those who labored on the Subcommittee on Constitutional Amendments.

The measure was introduced by myself on behalf of myself and many other Senators. It has been slightly modified from the form in which it was introduced in December 1963. Since then it has been the subject of two sets of hearing before the Senate Subcommittee on Constitutional Amendments. It has been studied by the full Committees on the Judiciary of both the House and the Senate. It was twice passed in the Senate by unanimous yeas and nays votes, and it was overwhelmingly approved by the other body.

Earlier this year the proposed amendment received the full support of the President of the United States. Earlier it had been endorsed, as was brought out in some detail in the debate which ensued in this body, by such distinguished nongovernmental groups as the American Bar Association.

At long last the Senate and House conferees have completed their studies of the proposed amendment. A short while ago the conference report was approved by the House of Representatives. All that remains is for this body to approve the conference report, and then the measure will be sent to the States for ratification.

If the Senate acts affirmatively, it will be the 11th time in the past 90 years that Congress has submitted a proposed amendment to the Constitution to the several States. Of the last 10 that have been submitted, 9 have been ratified.

We have every reason to believe that the States will look with favor upon the proposed amendment, which is not designed really to alter the Constitution, but rather to fill a void in that great document which has existed for 173 years. As all of us know, the amendment is designed to do three specific things. I should like hastily to review the three purposes:

First, the proposed amendment would make forever clear that when the office of President becomes vacant, the Vice-President shall become President, not merely Acting President. We would clearly state in the Constitution what has become precedent through the actions of Vice President Tyler following the death of the then President Harrison.

Second, if the office of Vice President should become vacant, the proposed amendment would provide a means to fill that office so that we would at all times have a Vice President of the United States.

Third, the proposed amendment would provide a means by which the Vice President may assume the powers and duties of the Chief Executive when the President is unable to do so himself.

The conference report, which has now been approved by the House of Representatives, contains certain changes from the proposal which the Senate approved earlier this year by a vote of 72

to 0. I should like to describe the changes and then urge approval of the conference report by this body.

In the Senate version of the measure we prescribed that all declarations concerning the inability of the President of his ability to perform the powers and duties of that office, particularly a declaration concerning his resignation, be made by the President of the United States himself, be transmitted to the Speaker of the House and to the President of the Senate.

The conference committee proposes that those declarations be made to the Speaker and to the President of the Senate. The reason for this change is, of course, that the Vice President, who is also the President of the Senate, would be participating in making a declaration of presidential inability and therefore would be unable to submit his own declaration to himself. In addition, I believe that we would have a better legal ground not to require the Vice President, who would be assuming or seeking to assume the powers and duties of the office, would be in a party in interest.

In the Senate version of the bill did not specify that if the President surrendered his powers and duties voluntarily—and I emphasize the word "voluntarily"—he could resume them immediately upon declaring that his ability no longer existed. We believe that our language clearly indicated that. Certainly the intention was made in the debate on the question on the floor of the Senate and in the course of our committee hearings. But the Attorney General of the United States questioned that we be more specific on point so as to encourage a President to make a voluntary declaration to effect that he was unable to perform powers and duties of the office, if necessary for him to do so.

We made that point clear in the conference committee report.

We added specific language enabling the President to resume his powers and duties immediately, with no waiting period, if he had given up his powers and duties by voluntary declaration.

That had been the intention of the Senate all along, as I recall the colloquy which took place on the floor of the Senate; and we had no objection to giving that intention crystal clear wording of the proposed constitutional amendment itself.

In the Senate version we prescribed that the President, having declared of his powers and duties by declaration of the Vice President and a majority of the Cabinet, or such other body as Congress by law may provide, could resume the powers and duties of the office of President upon his declaration that inability existed, unless within 7 days the Vice President and a majority of the Cabinet or the other body issued a declaration challenging the President's intention. The House version prescribes that the waiting period be 2 days. The conference compromised on 4 days. I urge the Senate to accept that:

89TH CONGRESS
1ST SESSION

S. 1098

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1965

Referred to the Committee on Interstate and Foreign Commerce

AN ACT

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 (14) (a) of the Interstate Commerce Act
4 is amended by adding at the end thereof a new sentence
5 reading as follows: "In fixing the compensation to be paid
6 for the use of freight cars, the Commission shall give con-
7 sideration to the level of freight car ownership and to other
8 factors affecting the adequacy of the national freight car
9 supply and shall, on the basis of such consideration, deter-
10 mine whether compensation should be computed on the

1 basis of elements of ownership expense involved in owning
2 and maintaining freight cars, including a fair return on
3 value (which return shall be fixed at such level as in the
4 Commission's judgment will encourage the acquisition and
5 maintenance of an adequate freight car fleet), or should be
6 computed on the basis of elements reflecting the value of
7 use of freight cars, or upon such other basis or combination
8 of bases as in the Commission's judgment will provide just
9 and reasonable compensation to freight car owners, con-
10 tribute to sound car service practices, and encourage the
11 acquisition and maintenance of a car supply adequate to
12 meet the needs of commerce and the national defense.
13 In the consideration of any element included in determina-
14 tions pursuant to this paragraph as an incentive to car
15 acquisition and maintenance the Commission is empowered
16 to make such element, or any part thereof, inapplicable:
17 (1) to carriers determined by the Commission as owning
18 an adequate number of freight cars to meet their responsi-
19 bilities to the needs of commerce and the national defense;
20 (2) to carriers which terminate a substantially higher per-
21 centage of interline traffic than they originate; (3) to types
22 of freight cars the supply of which the Commission finds to

- 1 be adequate; and (4) to such other cases or circumstances
- 2 as the Commission finds to be in the public interest.”

Passed the Senate June 30 (legislative day, June 29),
1965.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

JULY 1, 1965

Referred to the Committee on Interstate and Foreign
Commerce

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 20, 1965
For actions of Oct. 19, 1965
89th-1st; No. 195

CONTENTS

Animal research.....39	Flood control.....8,10,17	Rivers and harbors....8,17
Appropriations.....2,32	Food shortage.....6,14,31	Shipping.....20
Balance of payments..22,34	Forestry.....25	Soil conservation.....9
Commodity exchanges....16	Income tax.....27	Stockpiling.....4,33
Contractors.....36	Legislative program....17	Sugar.....1,24
Disaster relief.....9	Manpower.....29	Supplemental
Education.....11,17,28	Meat inspection.....30	appropriations.....2,32
Electrification.....7	Monetary fund.....15	Transportation.....12
Employment.....26	Pay.....3,38	Veterans' affairs.....21
Expenditures.....4	Personnel.....3,4,35,38	Water conservation....9,23
Farm labor.....18	Poverty.....19	Wheat agreement.....13
Farm program.....5	Research.....29,39	World food study....14,31
Firefighters.....35	River basin.....37	

HIGHLIGHTS: Senate debated sugar bill. Senate committee reported supplemental appropriation bill and pay bill. Rep. Smith, Iowa, introduced and discussed meat inspection bill. House committee reported bill to increase flood water detention capacity.

SENATE

1. SUGAR. Began debate on H. R. 11135, the sugar bill, which had been reported with amendment during adjournment on Oct. 18 (S. Rept. 909). pp. 26315, 26393-419, 26427-39
2. SUPPLEMENTAL APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 11588 (S. Rept. 912). p. 26325
It was agreed that this bill will be considered next after the sugar bill (p. 26440). Attached to this Digest is a table showing the actions of the Senate Committee.
3. FEDERAL PAY BILL. The Post Office and Civil Service Committee reported with amendments this bill, H. R. 10281, on Oct. 18 during adjournment (S. Rept. 910). p. 26315

4. EXPENDITURES; PERSONNEL; STOCKPILING. Received a report from the Byrd Joint Committee on Nonessential Federal Expenditures regarding these subjects. pp. 26326-38
5. FARM PROGRAM. Sen. Curtis spoke in favor of adequate farm prices, criticized the present program, and defended his record. pp. 26355-7
6. WORLD FOOD SHORTAGE. Sen. McGovern inserted and commended a speech by Rep. Stalbaum favoring farm production to alleviate the world food shortage. pp. 26361-3
7. ELECTRIFICATION. Sen. Hartke inserted an address by REA Administrator Clapp before the NRECA regional meetings, reviewing progress in rural electrification and outlining future financial requirements. pp. 26371-3
8. RIVERS-HARBORS AND FLOOD-CONTROL BILL. Agreed to the conference report on this bill, S. 2300. pp. 26380-93
9. DISASTER RELIEF. Sen. Long, La., described changes made by the Senate committee in H. R. 7502, the disaster-relief bill, including a provision to permit deduction of certain assessments by soil and water conservation districts, for income tax purposes. pp. 26439-40

HOUSE

10. FLOOD CONTROL. The Agriculture Committee reported without amendment H.R. 9149, to amend the Watershed Protection and Flood Prevention Act, as amended, so as to increase the maximum flood-water detention capacity from 5,000 acre-feet to 12,500 acre-feet (H. Rept. 1177). p. 26537
11. EDUCATION. Received the conference report on H.R. 9567, the proposed Higher Education Act of 1965 (H. Rept. 1178). pp. 26447-70
12. TRANSPORTATION. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) S. 1098, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply. p. D1039
13. WHEAT. Rep. Albert emphasized that deferment of action on the International Wheat Agreement Act extension "should not be interpreted as indicating that the House is opposed to the agreement negotiated by our representatives and ratified by the Senate early this year." p. 26441
14. FOOD COMMISSION. Rep. Langen expressed approval of legislation to create a U.S. World Food Commission "to plan the future U.S. role in the approaching world food crisis." p. 26516
15. MONETARY FUND. Received from Treasury a report on the activities of the National Advisory Council on International Monetary and Financial Problems of the Bretton Woods Agreements Act. p. 26537
16. COMMODITY EXCHANGES. Received from this Department a proposed bill to amend the Commodity Exchange Act, as amended; to Agriculture Committee. p. 26537
17. LEGISLATIVE PROGRAM. Rep. Albert announced that tomorrow (Oct. 20) the House will call up the conference reports on the higher education bill and the omnibus rivers and harbors and flood control bill. pp. 26441-42

Williams, Deputy Administrator for Economic Development Administration; and public witnesses.

Statements for the record were submitted by Senators Boggs and Williams of Delaware.

Adjourned subject to call of the Chair.

MILITARY AIRLIFT

Committee on Armed Services: Subcommittee on Military Airlift held a hearing on airlift problems. Testimony was heard from Representative Grider.

FEDERAL ASSISTANCE TO ELEMENTARY SCHOOLS

Committee on Education and Labor: General Subcommittee on Education held a hearing on H.R. 11322, to provide a program of Federal assistance to elementary schools throughout the Nation to improve educational opportunities through provision for the services of child development specialists and to provide a program of Federal assistance for the training of such elementary school personnel in the institutions of higher education. Testimony was heard from Representative Gibbons and public witnesses.

U.S.-OWNED FOREIGN CURRENCIES

Committee on Foreign Affairs: Subcommittee on Foreign Economic Policy continued hearings to determine the utilization of excess U.S.-owned foreign currencies in certain countries. Testimony was heard from a public witness.

CUBAN REFUGEES

Committee on Foreign Affairs: Subcommittee on Inter-American Affairs met in executive session on the Cuban refugee situation. Testimony was heard from John H. Crimmins, Coordinator of Cuban Affairs, Department of State; Joseph H. Meyer, Deputy Commissioner, Welfare Administration, HEW; and Roy L. Wynkoop, Executive Officer, Welfare Administration, HEW.

HOUSE ADMINISTRATION AFFAIRS

Committee on House Administration: Met in executive session and ordered reported favorably to the House the following bills:

H. Res. 511, to provide funds for expenses of studies authorized by H. Res. 510;

H. Res. 609 (amended), to provide for the expenses of an investigation authorized by H. Res. 94;

H.J. Res. 641, authorizing Father Flanagan's Boys' Home to erect a memorial in the District of Columbia or its environs;

H. Con. Res. 509, authorizing the printing of additional copies of hearings on crime in the District of

Columbia and H. Rept. 176 entitled "District of Columbia Crime";

H. Con. Res. 512, authorizing the printing of additional copies of the hearing on home rule for the District of Columbia;

H. Con. Res. 513, authorizing the printing of additional copies of hearings on "Lower Colorado River Basin Project";

H. Con. Res. 519 (amended), authorizing the printing of additional copies of the hearings on H.R. 2580, to amend the Immigration and Nationality Act;

H. Res. 544 (amended), to provide for the printing as a House document of the statements made and other pertinent matter presented in honor of Honorable Carl Vinson;

H. Res. 569, that there be printed as a House document the dedication ceremonies of "The Carl Vinson Room," the hearing room of the Committee on Armed Services in the Rayburn House Office Building;

H. Res. 570, authorizing the printing of the document "Why Vietnam," as a House document;

H. Res. 592, providing for printing as a House document the "Compilation of Social Security Laws"; and

S. Con. Res. 53, authorizing the printing of the report of the proceedings of the 42d biennial meeting of the Convention of American Instructors of the Deaf as a Senate document.

FREIGHT CAR SUPPLY

Committee on Interstate and Foreign Commerce: Met in executive session and ordered reported favorably to the House S. 1098 (amended), to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply.

PENDING BUSINESS

Committee on Science and Astronautics: Met in executive session on pending business. No announcements were made.

KU KLUX KLAN

Committee on Un-American Activities: Subcommittee began hearings on the activities of Ku Klux Klan organizations. Testimony was heard from committee investigators, a departmental witness, and public witnesses.

Joint Committee Meetings

SHIP MORTGAGES

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of S. 2118, validating certain ship mortgage bonds on American-flag vessels, but did not reach final agreement, and will meet again tomorrow.

Next meeting of the SENATE
9:00 a.m., Wednesday, October 20

Next meeting of the HOUSE OF REPRESENTATIVES
12:00 noon, Wednesday, October 20

COMMITTEE MEETINGS FOR WEDNESDAY, OCTOBER 20

(All meetings are open unless otherwise designated)

Senate

Committee on Banking and Currency, Small Business Subcommittee, executive, to resume consideration of S. 2499, authorizing sale of participations in SBA loans, 10 a.m., 5302 New Senate Office Building.

Committee on the District of Columbia, on H.R. 11487, proposed D.C. Revenue Act, and on the nomination of Charles Halleck, Jr., to be associate judge of the D.C. Court of General Sessions, 10 a.m., 6226 New Senate Office Building.

Committee on Interior and Insular Affairs, executive, on H.R. 797, Whiskeytown-Trinity-Shasta National Recreation Area, Calif., and S.J. Res. 33, re Wind River irrigation project, Wyoming, 10 a.m., 3112 New Senate Office Building.

Committee on the Judiciary, to hold hearings on the nomination of David G. Bress, to be U.S. Attorney for the D.C., to be followed by executive session on committee business, 10:30 a.m., 2228 New Senate Office Building.

Subcommittee, on the nomination of James L. Watson, of New York, to be judge of the U.S. Customs Court, 10:30 a.m., 2300 New Senate Office Building.

Committee on Labor and Public Welfare, executive, on committee business, 10 a.m., 4232 New Senate Office Building.

Employment and Manpower Subcommittee, on S. 1630, proposed Employment Act Amendments, and S. 2632, to establish a Commission on National Economic Goals, 2:30 p.m., 4232 New Senate Office Building.

House

Committee on the District of Columbia, executive, on pending business, 11 a.m., 1310 Longworth House Office Building.

Committee on Education and Labor, General Subcommittee on Education, on H.R. 11322, to provide a program of Federal

assistance to elementary schools throughout the Nation to improve educational opportunities through provision for the services of child development specialists and to provide a program of Federal assistance for the training of such elementary school personnel in the institutions of higher education, 9:30 a.m., 2257 Rayburn House Office Building.

Select Subcommittee on Education, executive, on H.R. 7465, creating a commission to be known as the Commission on Noxious and Obscene Matters and Materials, 10 a.m., 2430 Rayburn House Office Building.

Committee on Foreign Affairs, Subcommittee on Inter-American Affairs, executive, to continue hearings on the Cuban refugee situation, 10 a.m., 2200 Rayburn House Office Building.

Subcommittee on Inter-American Affairs, executive, to begin hearings on the situation in the Dominican Republic, 3 p.m., H-227 U.S. Capitol Building.

Subcommittee on the Far East and the Pacific, executive, for a briefing on the South Asian bank, 10:30 a.m., 2255 Rayburn House Office Building.

Committee on Government Operations, Subcommittee on Intergovernmental relations, executive, on pending business, 10 a.m., 2247 Rayburn House Office Building.

Committee on Science and Astronautics, executive, on pending business, 10 a.m., 2318 Rayburn House Office Building.

Committee on Ways and Means, executive, on miscellaneous bills, 10 a.m., committee room, Longworth House Office Building.

Committee on Un-American Activities, a subcommittee, to continue hearings on Ku Klux Klan organizations, 10 a.m., caucus room, Cannon House Office Building.

Joint Committee

Conferees, executive, on S. 2118, validating certain ship mortgage bonds on American-flag vessels, 10:30 a.m., room EF-100, Capitol.



Congressional Record

appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for \$1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington, D.C., 20402. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 21, 1965
For actions of Oct. 20, 1965
89th-1st; No. 196

CONTENTS

Agricultural appropriations.....1	Foreign aid.....22,42	Personnel.....32,33,39,43
Air pollution.....41	Forestry.....15	Reorganization.....27
Appropriations.....1,40,42	Freight cars.....10	Rivers and harbors.....4
Area development.....8	Guam.....25	Soil conservation.....24
Budgeting.....5	Highways.....34	Sugar.....7,13
CCC.....11	Investigations.....9	Supplemental appropriations.....11,12
Commodity exchanges.....21	Irrigation.....17	Taxation.....36
Cost of living.....33	Lands.....17	Trade fairs.....29
Disaster relief.....12,14	Legal aid.....19	Transportation.....10
Economic inequities.....28	Legislative accomplishments.....26	Water.....16,30
Education.....3,18,35	Manpower.....43	Watersheds.....23
Electrification.....8	Marketing orders.....2	Work week.....39
Employment.....32	Meat inspection.....20,31	Yearbook.....40
Farm labor.....6	National parks.....38	
Flood control.....4,16	Patents.....37	

HIGHLIGHTS: For highlights see page 5

HOUSE

1. AGRICULTURAL APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 8370, and acted on amendments in disagreement. Attached is a table showing the changes agreed upon. pp. 26742-7
2. MARKETING ORDERS. Concurred in the Senate amendment to the House amendment to S. 2092, to permit marketing orders for certain fruits and vegetables to provide for paid advertising. This bill will now be sent to the President. p. 26706
3. EDUCATION. By a vote of 313 to 63, agreed to the conference report on H. R. 9567, the aid to higher education bill. pp. 26706-30
4. RIVERS-HARBORS AND FLOOD-CONTROL BILL. By a vote of 221 to 139, agreed to the conference report on this bill, S. 2300. This bill will now be sent to the President. pp. 26730-41

5. BUDGETING. Rep. Halpern spoke in favor of a Joint Committee on the Budget. p. 26762
6. FARM LABOR. Several Representatives debated the termination of the Mexican farm labor program. pp. 26763-80
7. SUGAR. Rep. Hansen, Iowa, inserted his press release defending the House sugar bill. p. 26790
8. ELECTRIFICATION; AREA DEVELOPMENT. Rep. Dent inserted a statement by Pres. Drumm of West Penn Power Co. upon receiving the "E" Service Award from Secretary Connor for area development activity. pp. 26793-4
9. INVESTIGATIONS. The Rules Committee reported with amendment H. Res. 605, authorizing the Agriculture Committee to conduct studies and investigations relating to certain matters within its jurisdiction (H. Rept. 1180). p. 26808
10. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendment S. 1098, to insure adequacy of the railroad freight car supply (H. Rept. 1183). p. 26808

11. SUPPLEMENTAL APPROPRIATIONS. Received from the President a 1966 supplemental request for \$500 million for the Commodity Credit Corporation (H. Doc. 307). This item was considered as a part of the Department of Agriculture and Related Agencies Appropriation Bill, 1966, rather than in the Supplemental Appropriation Bill. p. 26807

SENATE

12. SUPPLEMENTAL APPROPRIATION BILL. Passed with amendments this bill, H.R. 11588 (pp. 26584, 26587-631). No changes were made in appropriations to this Department. (For a listing of the items see Digest 195) As passed the bill also provides \$70 million to the President to carry out the Hurricane Disaster Relief Act of 1965. House and Senate conferees were appointed on the bill (pp. 26781, 26630).
13. SUGAR. Passed, 69-16, with amendments H.R. 11135, the sugar bill. Agreed to an amendment by Sen. Morse to add quotas of 422 short tons each for Honduras and Bolivia, and a technical corrective amendment by Sen. Long, La. Rejected various amendments. Senate and House conferees were appointed. pp. 26560-83, 26730
14. DISASTER RELIEF. The Public Works Committee reported without amendment H.R. 11539, to provide assistance to Fla., La., and Miss. for reconstruction of areas damaged by the recent hurricane (S. Rep. 917). p. 26542
15. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 797, to establish the Whiskeytown-Shasta-Trinity National Recreation Area, Calif., (S. Rept. 922). p. 26542
16. WATER. The Agriculture Committee reported an original bill, S. 2679, to amend the Watershed Protection and Flood Prevention Act, as amended (S. Rept. 921) (p. 26542). The "Daily Digest" states that this bill is in respect to "maximum flood detention capacity of watershed project structures" (p. D1041).

NATIONAL FREIGHT CAR SHORTAGE

OCTOBER 20, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HARRIS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany S. 1098]

The Committee on Interstate and Foreign Commerce to whom was referred the bill (S. 1098) to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That section 1(14)(a) of the Interstate Commerce Act is amended by adding at the end thereof the following: "In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

SEC. 2. Any compensation fixed pursuant to the amendment made to the Interstate Commerce Act by the first section of this Act shall not take effect before September 1, 1966.

PURPOSE OF THE BILL

The purpose of the bill is to secure alleviation of the recurring national shortages of railroad freight cars.

This purpose is to be accomplished by authorizing the Interstate Commerce Commission in its setting of the rates of compensation to be paid for the use of any type of freight car to include such elements as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

BACKGROUND AND NEED FOR LEGISLATION

Over the years the shippers of this Nation from time to time have faced shortages of certain types of cars available for meeting their needs. To meet these shortages in past years there was enacted into law provisions dealing with car service and the distribution of car supply authorizing the Interstate Commerce Commission to supplement and at times to override the various directives through which the railroads themselves undertake to ameliorate these conditions in their own cooperative car service rules.

Traditionally these shortages arose during the harvest season, but since World War II they have become chronic. They are not limited to the fall harvest season (although that continues to be a critical period) nor to the particular types of cars involved in the movement of agricultural products. They can occur in any month of the year with respect to any type of freight car. There is no need to set forth statistics regarding the amount or the nature of the shortages or to resolve the conflicting interpretations of those statistics that are given by those concerned with the movement of cars. There is not a single Member of the Congress in the past 20 years who at some time or other has not had brought to his attention the discouraging situation which faces the shippers in his area, and indeed for that matter of the railroads of his area with regard to the availability of cars.

Something must be done to meet the needs of the shippers and of the public and of the country.

Over the years a number of hearings have been held by the appropriate committees in one or the other body of the Congress.

What the situation is, what steps are being taken to alleviate it, and what could be done to remedy this situation have been topics recurring to this committee.

There have been all sorts of conflicting statements made as to the reasons for the shortages as to whether they arise from lack of adequate ownership, or from improper distribution of the existing car fleet, or from overdetriment by the shippers in unloading, or from the prevailing 5-day as against the 6-day week, or from the movement of grain by the Commodity Credit Corporation, or from the change in the use of boxcars to the use of open-top cars in the movement of grain, or from the change to wide-door boxcars for use in transportation of some commodities, or from the increased use of flatcars with containers, or from the change in industry practices in consignment diversion and otherwise, or from the problems of origination versus termination of loads on any given railroad, or a mass of other reasons.

Regardless of what the cause or causes may be, the point now is that something must be done to change things.

Some years ago, the Interstate Commerce Commission made one approach to the problem and attempted to invoke a so-called penalty per diem procedure; that is, to set the rates being paid by one railroad to another railroad whose freight car was on the paying railroad's line above what might be considered to be the outright recompense to the owner for the cost of owning such car and including an amount high enough to penalize the railroad using the car on its line instead of returning it to its owner. In reviewing the Commission's approach to the problem in the case of *Palmer v. United States* (75 F. Supp. 63, 1947), the court stated that the specific power to fix compensation is not coextensive with the power to regulate the use of cars.

The Commission thereafter recommended to the Congress that it be given the authority to set such rates. Over the years, hearings were held on this request but the Congress did not take any final action with respect to the Commission's recommendation.

The Commission's more recent approach in using per diem as an instrument in alleviating the car shortages has been to recommend the inclusion of an incentive element in the per diem which would induce railroads and others to acquire and to own railroad freight cars.

This is the primary feature of the committee amendment here being reported. This increased authorization to the Commission is the subject of dispute among the various carriers just as have been the other recommendations that have been made in past years.

The record of the hearings which have been had on this bill is similar to the records which have been had on previous bills and is not conclusive as to whether "incentive" per diem will be successful in achieving the goal which we are seeking, namely, the alleviation of these chronic shortages.

Therefore, inasmuch as some railroads feel that this might be of great help to the situation and inasmuch as the Interstate Commerce Commission is of the belief that with this authorization it can do something in the matter and inasmuch as no alternative has been brought to the attention of the committee, the committee is recommending that this bill be enacted.

The committee is recommending that the Commission's authority be not completely effective until September 1, 1966. This is being done in the belief that one final period should be allowed for the railroads, if they can, and if they will, to work out their own problems. Of course, this is exactly where the responsibility rests. It is the duty of these carriers to see that they have equipment to provide the service that they so earnestly wish to present to the public. They should be the ones to do so.

Indeed, in view of the consideration which this committee has given over the past 4 or 5 years to legislative proposals culminating in a bill reported last year, and which would to some degree meet the railroad argument that with less minimum rate regulation, they might be the better enabled to meet competition from other forms of transportation and regain some of the traffic they have lost to these other modes, it is anomalous to find that the railroads are not in a position even today to meet the demands for equipment which are placed upon them. The opportunity here is being afforded to them to do something in this particular.

Although the Commission will not be in a position to prescribe the exact incentive per diem rate until the effective date of this legislation, the Commission is not at all precluded from continuing its current studies and initiating any other studies or procedures that may be necessary to put it in a position to promulgate such rates in September 1966 if there should be need to do so.

The committee wishes to call attention to the fact that there well may be many other avenues that might profitably be pursued to attain the desired end including the consideration of the car service rules; of the problems of detention and of loading and unloading; of divisions between originating and terminating carriers; and the like. Indeed, at the very moment of the committee's consideration of this problem it is most gratifying to observe that one railroad on its own has initiated what would appear to be a most promising attempt to solve this problem by offering differentials in the tariffs for the use of boxcars other than the wide door boxcars which currently appear to be in very tight supply.

SUMMARY OF THE COMMITTEE AMENDMENT

After evaluating the past history and the present hearing record the committee discussed and considered possible changes in the Commission's recommendation. The amendment here reported is the result of that consideration. It is, as to the incentive elements which may be set with respect to any type of freight car, intentionally prospective in nature and it would invest the Interstate Commerce Commission with a discretionary power to establish incentive per diem rates. The committee believes that it is a desirable step toward achieving a reduction in the shortage and improvement in the utilization and distribution of freight cars. If the railroads and their associations cannot meet this demanding problem, then we believe the Commission should have the necessary tools to solve this difficult and long-continuing dilemma.

If the committee amendment is enacted, the Commission in fixing compensation under existing section 1(14)(a) of the Interstate Commerce Act will be empowered, in the same proceeding, to go beyond the basis of elements of ownership expense in computing compensation. Where warranted consideration may be given as to whether such compensation should be increased by an incentive element or elements which will encourage acquisition and maintenance of an adequate car supply. This will be a discretionary power but the Commission will not be allowed to make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate. Additionally the Commission will be empowered in its discretion to exempt from the compensation to be paid by any group of carriers any incentive element or elements where such carriers are found entitled to such exemption by reason of the national interest.

HEARINGS

Hearings were had on H.R. 7165 and 15 other identical bills introduced to carry out the Commission's recommendation, on H.R. 2230 and H.R. 4407, somewhat similar bills, and on S. 1098 (originally identical with H.R. 7165 but containing an amendment approved by

the Senate), on October 5, 6, and 7. The objectives of the bill are supported by the Interstate Commerce Commission, the Departments of Agriculture, Commerce and Defense, and the Office of Emergency Planning, and the Bureau of the Budget.

The bills were supported by representatives of the lumber and plywood industries, by the Chicago, Burlington & Quincy Railroad and other railroads, principally in the West, and by certain shippers' associations.

The bills were opposed by the New York Central, Pennsylvania, New Haven, and Boston & Maine Railroads; by the Southern Pacific Co.; and by the American Short Line Railroad Association.

INTERSTATE COMMERCE COMMISSION,
September 2, 1965.

HON. OREN HARRIS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.*

DEAR CHAIRMAN HARRIS: This is in response to your request for the Commission's comments on H.R. 425, H.R. 7165, and H.R. 4172, bills to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes. I am authorized to submit the following comments in behalf of the Committee on Legislation:

H.R. 425, H.R. 7165, and H.R. 4172 (which are identical to legislative recommendation No. 6 in the Commission's 78th annual report), would grant the Interstate Commerce Commission authority to prescribe per diem charges for the use of railroad freight cars on a basis that will provide an economic incentive to the railroads to acquire and maintain a supply of freight cars adequate to meet the needs of commerce and the national defense.

The diminishing supply of railroad freight cars has been a matter of considerable concern to the Commission for many years. Despite the generally expanding economy of the country, the ownership of freight cars is now less than it was during World War II. As a result, critical shortages of increased duration and severity have become almost commonplace on the national transportation scene. Studies made in 1950 indicated that a total of 1,935,500 freight cars would be required by 1956 to meet the anticipated needs of shippers. As of January 1, 1956, however, freight-car ownership and control of class I railroads (including railroad-owned or controlled refrigerator cars) totaled only 1,774,614 cars. As of January 1, 1965, this figure had fallen to 1,550,477 cars, a record low.

In addition to inadequate car ownership, one of the greatest contributing factors to recurring freight-car shortages has been the failure of some carriers to utilize the existing fleet of equipment more efficiently. During periods of critical shortages the Commission has resorted to every means at its command to cope with the problem. We have issued numerous car service orders to assure equitable distribution and maximum utilization of the freight cars remaining in service. In addition, greatly stepped up demurrage charges have helped to insure prompt loading and unloading by shippers and receivers. While such actions have heretofore provided a measure of relief, they are becoming less effective and increasingly controversial as the total supply of freight cars continues to decline each year.

Since the earning value of freight cars often substantially exceeds the current scale of per diem charges, some of the carriers have found it cheaper to pay the per diem or car rental charge than to own cars. These carriers, therefore, lack sufficient economic incentive to provide their fair share of an adequate car supply. The assistance that can be expected from the institution of the multilevel per diem system established by the carriers is questionable. This system is based generally on the concept of adequate compensation to owners of cars purchased, on the basis of cost, condition, or age, but compliance with the plan is voluntary and some carriers have not accepted it.

Some time ago the Commission attempted to take the profit out of "renting" equipment by imposing a penalty per diem charge which it believed would furnish a pecuniary spur to deficit railroads to acquire a sufficient number of cars to at least take care of their own loading obligations. (*Increased Per Diem Charges on Freight Cars*, 268 I.C.C. 659 (1957)). However, in *Palmer v. United States*, 73 F. Supp. 63 (1947), the Commission's order was set aside by a three-judge district court which held that the Commission could not prescribe per diem charges for "regulatory" purposes. The effect of this decision has been construed as precluding the Commission from prescribing per diem charges which would produce a profit to the carrier owner, provide an incentive for car ownership, recognize the value of the use of freight cars, and require the acquisition and maintenance of a car supply adequate to meet the needs of commerce and of the national defense. While the *Palmer* case may not place the stringent limitations upon the Commission which some suggest, we believe that there is sufficient doubt in this respect that it should be made clear in the statute that the Commission has authority to establish per diem charges above the bare cost of ownership and at a level that would make the advantages of owning equipment more attractive.

If the advantages of owning equipment could be made more attractive, there should be a greater willingness on the part of every railroad to make its just and equitable contribution to the national freight-car fleet. These bills propose to accomplish this objective by amending section 1(14)(a) of the act so as to authorize the Commission in establishing a per diem charge for the use of freight cars to determine whether such charge should be computed upon the basis of the elements of ownership expense involved, including a fair return on value, or on elements reflecting the value of their use, or upon such other basis or combinations of bases as, in the Commission's judgment, will provide reasonable compensation to the owner, contribute to sound car service practices, and encourage the acquisition of an adequate national supply of freight cars. In essence, the proposal would authorize the Commission to fix per diem charges which would motivate every railroad to maintain its ownership of freight cars at a level which will meet the needs of the shipping public during normal times and provide a reasonable supply during periods of emergency. Its enactment would thus overcome the effect of the decision in the *Palmer* case and would be of substantial assistance to the Commission in its efforts to alleviate the crippling economic effects of freight car shortages.

For the above reasons we strongly support enactment of H.R. 425, H.R. 7165, and H.R. 4172.

Respectfully submitted.

JOHN W. BUSH,
Acting Chairman, Committee on Legislation.

JOHN W. BUSH.

LAURENCE K. WALRATH.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 30, 1965.

HON. OREN HARRIS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives.*

DEAR MR. CHAIRMAN: This will reply to your letter of April 9, 1965, inviting comments on H.R. 7165, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

This bill would add a new sentence to the above section, as follows: "In fixing the compensation to be paid for the use of freight cars, the Commission shall give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply and shall, on the basis of such consideration, determine whether compensation should be computed on the basis of elements of ownership expense involved in owning and maintaining freight cars, including a fair return on value (which return shall be fixed at such level as in the Commission's judgment will encourage the acquisition and maintenance of an adequate freight car fleet), or should be computed on the basis of elements reflecting the value of use of freight cars, or upon such other basis or combination of bases as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense."

The Department recommends passage of this bill.

The supply of serviceable freight cars has hit a new low. This inadequate car supply has placed a burden not only on domestic commerce but on our exports of agricultural commodities. We believe that the cause of the recurring car supply problem is inadequate ownership of rail cars. Failure to utilize efficiently the existing equipment is also a contributing factor as is reflected by the increase from 13 days in 1947 to 19 days in 1961 in the average car turnaround time.

Until the variable per diem schedule was adopted in 1964, the method of car compensation provided little incentive for some railroads to own cars. Rather, it provided incentive to use other railroads' cars.

Even under the variable per diem schedule the rates for the vast majority of the cars are lower than the former rate of \$2.88. That variable rates alone will do the job is seriously to be questioned. There is a more severe car shortage this year than last, and the number of cars owned has not materially improved.

The bill, if enacted, would not provide a complete solution to the car shortage problem. We do believe, however, that this bill is a step in the right direction. It would give the Interstate Commerce

Commission the authority to establish per diem charges to encourage increases in ownership of cars. Specifically, the bill would authorize the Commission to prescribe per diem charges which would (1) produce a profit for the carrier-owner, (2) provide incentive for car ownership, (3) contribute to sound car service practices, (4) recognize the value of freight car use, and (5) encourage acquisition and maintenance of a car supply adequate to the needs of commerce and national defense.

The Department and the agricultural community have a vital interest in improving the car supply situation. The efficiencies of our marketing system should not be nullified by the lack of rail cars or by inability of the railroads to make their cars available where they are needed, or when they are needed.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., May 6, 1965.

HON. OREN HARRIS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your requests for the views of this Department on H.R. 425 and H.R. 7165, identical bills to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

These bills would add a new sentence to section 1(14)(a) requiring the Interstate Commerce Commission, in fixing the compensation to be paid for the use of freight cars, to give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply. On the basis of such consideration, the Commission would be required to determine whether compensation should be computed on the basis of elements of ownership expense, the value of use, or upon a combination of bases as in its judgment would provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

This legislation has been recommended by the Commission annually since 1955. This proposal stemmed from the decision of the U.S. District Court for the District of Columbia in the *Palmer* case, a suit against an order of the Commission increasing per diem from \$1.15 to \$2 for 6 months, October 1, 1947, to March 31, 1948, to " * * * promote greater efficiency in the use and increase the supply of cars * * * ." The court in holding the order invalid said "the specific power to fix compensation for the use of cars is not coextensive with the general power to regulate the use of cars." *Palmer v. United States*, 75 F. Supp. 63, 67 (D.C.D.C. 1947).

The current bills have been introduced to overcome the effect of the *Palmer* case by legislation which would give the Commission

authority to fix the compensation paid for use of freight cars in relation to the national freight-car supply, since the court ruled it could not do this under the existing provisions of section 1(14)(a).

The purpose of these bills is purportedly to alleviate the freight-car shortage, especially the seasonal shortage for boxcars. There are sometimes proclaimed shortages of other type cars, such as refrigerator cars. The Interstate Commerce Commission has made investigations from time to time and increased the per diem rate on boxcars from 20 cents to \$2.75 over a period of years, but the problem has not been solved by that method. The first extensive car shortage investigation by the Commission was in 1907, *Car shortage—Insufficient Transportation Facilities*, 12 I.C.C. 561 (1907). The next was in 1917, *Car Supply Investigation*, 42 I.C.C. 657 (1917).

In 1930 the Commission, in *Rules for Car-Hire Settlement*, 160 I.C.C. 369, 378 (1930), noted that, under the "per diem agreement" then in force among the common carriers by railroad, "The per diem rate is supposed to reflect the average cost, to the owner, cost of taxes, cost of replacements, miscellaneous expenses, and 6 percent interest on the investment." Testimony at the hearings on "Freight Car Supply" in earlier Congresses, indicated that the per diem rate included, in addition, participation by the nonowner user in the idle time of the car and replacement cost based equally on cost of reproduction and on depreciation ledger value. Many specialists have counseled that the base figures used may be subject to question because the railroads follow Interstate Commerce Commission's bookkeeping classifications which do not require the segregation of car ownership costs from car use costs and other costs. It would appear appropriate to initiate changes in accounting procedures so that the cost of ownership can be segregated from the other costs which are lumped together.

The railroads are not uniform in their approach to the problem of freight car supply, the present system of car ownership, per diem car rentals, or the car service rules governing the distribution of freight cars. This divergence occurs generally between originating and terminating roads. Since originating roads must own enough cars to protect their traffic, they desire the prompt return of owned cars (especially during seasonal shortages) even if they must be moved empty. But terminating roads frequently find it advantageous to retain foreign cars and to minimize their own ownership, particularly when the revenue per loaded car-day exceeds the per diem rental and traffic is active.

Even though the per diem charge may cover the overall cost of ownership and car repair, the method used in assessing the charge—a flat per diem rate regardless of type of car, season of the year, or length of usage—does not provide a rental revenue system which takes varying cost and value situations into account. Alternative bases of charges should be considered, and put into effect, which apportion the cost of car ownership more equitably among the various classes of users, particularly those requiring premium service or service exclusively during the peak demand periods.

Insofar as the railroad industry cannot agree on any suitable system of charges which takes into account an equitable apportionment of the cost of car ownership and repair, it is logical that the regulatory agency should have the authority to assist the industry develop a more suitable system in the public interest. To this end, the present

legal restrictions need to be modified through amendment to the Interstate Commerce Act.

An equitable apportionment of the cost of ownership among car users does not in any way imply support of penalty charges designed solely to punish railroads and other car users by collecting rentals or other charges over and above the cost of ownership and repair. The objectives of a penalty per diem system can better be met through the Commission's ample authority to move cars under car service orders.

A system for the equitable apportionment of car costs is similar to the well-accepted principles of utility pricing which assesses premium and peak users differentially higher rates than other users on the ground of the greater cost of providing service. H.R. 425 and H.R. 7165 make possible such differential charges for railroad car use.

Because of the need to provide a more equitable apportionment of railroad car costs, and because the railroad industry requires the assistance of the regulatory authorities in developing such a system of charges, the Department favors the enactment of the provisions of these bills as a means of accomplishing these objectives.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

(For Robert E. Giles).

DEPARTMENT OF THE ARMY,
Washington, D.C., October 5, 1965.

HON. OREN HARRIS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to H.R. 7165, 89th Congress, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply and for other purposes. The Secretary of Defense has delegated to the Department of the Army the responsibility for expressing the views of the Department of Defense thereon.

The purpose of H.R. 7165, 89th Congress, which is identical to H.R. 198 and H.R. 2092, 88th Congress, is to insure the adequacy of the national railroad freight car supply through adjustment by the Interstate Commerce Commission of the compensation to be paid for the use of freight cars. The bill prescribes the criteria to be employed by the Commission in considering methods by which compensation may be adjusted so that it will be just and reasonable, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

The Department of Defense is vitally interested in there being an adequate railroad freight car supply in the United States. It appears that enactment of H.R. 7165 may contribute in some measure toward

improving the freight car supply situation in the United States in the future. Although it is believed that under the Interstate Commerce Act as presently written the Commission could utilize the criteria set forth in this bill, it would be advantageous if the Interstate Commerce Act were amended to be more specific and mandatory on this point. Accordingly, the Department of the Army on behalf of the Department of Defense recommends enactment of H.R. 7165.

The fiscal effects of this bill cannot be estimated.

This report has been coordinated among the departments in the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

STANLEY R. RESOR,
Secretary of the Army.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., September 29, 1965.

HON. OREN HARRIS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
2125 Rayburn House Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letter of April 9, 1965, requesting the views of the Bureau of the Budget on H.R. 7165, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

This bill would empower the Interstate Commerce Commission to fix the rate of compensation to be paid for the use of freight cars with a view to encouraging the acquisition and maintenance of cars adequate to meet national commerce and defense requirements. The Commission would be required to consider the cost of freight car ownership and the value of the use of freight cars in establishing per diem car rental rates as well as other factors deemed reasonable by the Commission. It appears that the existing freight car supply is not as efficiently utilized as it might be and that reasonable rental charges effectively enforced might result in substantially greater utilization and possibly in some increase in the freight carrying capability of the railroads. In reports being sent to your committee by the Departments of Commerce and Agriculture the underlying problems are discussed in greater detail. Those agencies favor enactment of this or similar legislation.

You are advised that there would be no objection to the enactment of H.R. 7165 from the standpoint of the administration's objectives.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., April 21, 1965.

HON. OREN HARRIS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 7165, 89th Congress, a bill "to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

Past periods of car shortages and surpluses have shown that the national freight car inventory reflects changes in the level of tariff, rather than changes in the amount charged for freight car hire. However, we are in favor of measures which would encourage railroads to construct rather than rent boxcars and believe that this bill might assist in attaining that objective.

While it is not certain that this bill will contribute substantially to strengthening the mobilization base, we favor the proposed authorization of the Interstate Commerce Commission to consider freight car supply as a factor in its determination of rental rates.

From the standpoint of the administration's program, the Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely,

BUFORD ELLINGTON, *Director.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

SECTION 1(14)(a) OF THE INTERSTATE COMMERCE ACT

(14) (a) The Commission may, after hearing, on a complaint or upon its own initiative without complaint, establish reasonable rules, regulations, and practices with respect to car service by common carriers by railroad subject to this part, including the compensation to be paid and other terms of any contract, agreement, or arrangement for the use of any locomotive, car, or other vehicle not owned by the carrier using it (and whether or not owned by another carrier), and the penalties or other sanctions for nonobservance of such rules, regulations, or practices. *In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's*

judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest.



Union Calendar No. 506

89TH CONGRESS
1ST SESSION

S. 1098

[Report No. 1183]

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1965

Referred to the Committee on Interstate and Foreign Commerce

OCTOBER 20, 1965

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend section 1 (14) (a) of the Interstate Commerce Act
to insure the adequacy of the national railroad freight car
supply, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section ~~1(14)(a)~~ of the Interstate Commerce Act
4 is amended by adding at the end thereof a new sentence
5 reading as follows: "In fixing the compensation to be paid
6 for the use of freight cars, the Commission shall give con-
7 sideration to the level of freight car ownership and to other
8 factors affecting the adequacy of the national freight car

1 supply and shall, on the basis of such consideration, deter-
2 mine whether compensation should be computed on the
3 basis of elements of ownership expense involved in owning
4 and maintaining freight cars, including a fair return on
5 value (which return shall be fixed at such level as in the
6 Commission's judgment will encourage the acquisition and
7 maintenance of an adequate freight car fleet); or should be
8 computed on the basis of elements reflecting the value of
9 use of freight cars, or upon such other basis or combination
10 of bases as in the Commission's judgment will provide just
11 and reasonable compensation to freight car owners, con-
12 tribute to sound car service practices, and encourage the
13 acquisition and maintenance of a car supply adequate to
14 meet the needs of commerce and the national defense.
15 In the consideration of any element included in determina-
16 tions pursuant to this paragraph as an incentive to car
17 acquisition and maintenance the Commission is empowered
18 to make such element, or any part thereof, inapplicable:
19 (1) to carriers determined by the Commission as owning
20 an adequate number of freight cars to meet their responsi-
21 bilities to the needs of commerce and the national defense;
22 (2) to carriers which terminate a substantially higher per-
23 centage of interline traffic than they originate; (3) to types
24 of freight cars the supply of which the Commission finds to

1 be adequate; and ~~(4)~~ to such other cases or circumstances
2 as the Commission finds to be in the public interest.”

3 That section 1(14)(a) of the Interstate Commerce Act is
4 amended by adding at the end thereof the following: “In
5 fixing such compensation to be paid for the use of any type
6 of freight car, the Commission shall give consideration to
7 the national level of ownership of such type of freight car
8 and to other factors affecting the adequacy of the national
9 freight car supply, and shall, on the basis of such consider-
10 ation, determine whether compensation should be computed
11 solely on the basis of elements of ownership expense involved
12 in owning and maintaining such type of freight car, in-
13 cluding a fair return on value, or whether such compensation
14 should be increased by such incentive element or elements
15 of compensation as in the Commission’s judgment will pro-
16 vide just and reasonable compensation to freight car owners,
17 contribute to sound car service practices (including efficient
18 utilization and distribution of cars), and encourage the ac-
19 quisition and maintenance of a car supply adequate to meet
20 the needs of commerce and the national defense. The Com-
21 mission shall not make any incentive element applicable to
22 any type of freight car the supply of which the Commission
23 finds to be adequate and may exempt from the compensation
24 to be paid by any group of carriers such incentive element or

1 *elements if the Commission finds it to be in the national*
2 *interest.”*

3 *SEC. 2. Any compensation fixed pursuant to the amend-*
4 *ment made to the Interstate Commerce Act by the first section*
5 *of this Act shall not take effect before September 1, 1966.*

Passed the Senate June 30 (legislative day, June 29),
1965.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

JULY 1, 1965

Referred to the Committee on Interstate and Foreign
Commerce

OCTOBER 20, 1965

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued April 29, 1966
For actions of April 28, 1966
89th-2nd; No. 71

CONTENTS

Adjournment.....10,17	Farm prices.....3,22	Parity prices.....13
Agricultural	Farm program.....13	Participation sales.11,20
appropriations....2,4,18	Forage research.....7	Personnel.....28,30,32
Animal research.....1	Foreign aid.....23	Public Law 480.....2
Appropriations....2,4,5,18	Information.....29	Recreation.....34
Area redevelopment.....33	Intergovernmental	Research.....7
Budgeting.....16,19	relations.....8	Retirement.....30
Cattle hides.....15,22	Investigation.....31	School lunch.....18,24
Cheese.....13	Legislative program.....9	School milk.....12,18,24
Community development...4	Loan pools.....11,20	Transportation.....6
Conservation.....25	Manpower.....28	Water pollution.....14
Daylight time.....21	Milk.....12,18,24	Wheat.....26
Employment.....32	Opinion poll.....27	

HIGHLIGHTS: House passed dog-cat handling bill. Senate committee reported participation sales bill.

HOUSE

1. ANIMAL RESEARCH. Passed, 352-10, as reported, H. R. 13881, to authorize this Department to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for research. pp. 8772-96, 8832
2. PUBLIC LAW 480. Rep. Findley defended his amendment to the agricultural appropriation bill, stating that Poland is shipping goods to North Vietnam while seeking aid under Public Law 480. p. 8772

3. FARM PRICES. Rep. Skubitz claimed farm prices, particularly livestock, are lower while food prices are higher, and blamed this Department and Secretary Freeman for the situation. pp. 8834-5
Rep. Hansen, Iowa, inserted an article claiming that farm prices are not too high. p. 8860
4. COMMUNITY DEVELOPMENT; APPROPRIATIONS. Rep. Callan spoke in support of the budget item for the Rural Community Development Service. pp. 8855-6
5. APPROPRIATIONS. Rep. Arends accused the President of "fiscal chicanery" in asking that Congress hold down appropriations. p. 8774
The Appropriations Committee reported H. R. 14745, the Labor and HEW appropriation bill (H. Rept. 1464). p. 8862
6. TRANSPORTATION. The Rules Committee reported a resolution for consideration of S. 1098, to authorize ICC to set rates of pay for use of freight cars so as to encourage the acquisition and maintenance of a car supply adequate to meet the needs. p. 8862
Rep. McEwen inserted Rep. Cramer's testimony recommending amendments to H. R. 13200, to establish a Department of Transportation. pp. 8827-9
7. FORAGE RESEARCH. Rep. Cabell inserted Rep. Poage's statement favoring establishment of a forage-research facility. pp. 8856-7
8. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee submitted a report, "Advisory Commission on Intergovernmental Relations: The First Five Years" (H. Rept. 1457). p. 8862
9. LEGISLATIVE PROGRAM. Rep. Albert announced the program for next week: Mon., Consent Calendar; Tues., Private Calendar; Wed. and rest of week, Labor-HEW appropriation bill, sales participation bill, SBA loan pools, etc. p. 8774
10. ADJOURNED until Mon., May 2. p. 8862

SENATE

11. PARTICIPATION SALES. The Banking and Currency Committee reported without amendment S. 3283, to promote private financing of credit needs and to provide for an efficient and orderly method of liquidating financial assets held by Federal credit agencies (S. Rept. 1140). p. 8866
12. SCHOOL MILK. Sen. Proxmire commended House action in restoring the school milk funds and urged an increase over last year's levels. p. 8887
13. FARM PROGRAM. Sen. Proxmire stated "the farmer--even the relatively successful farmer--has been and still is being left out of our prosperity." p. 8890
Sen. Mundt spoke against the suggested increase in import quotas for Cheddar cheese stating that it would not achieve parity prices for farmers. pp. 8917-18
14. WATER POLLUTION. Sen. Young, Ohio, discussed the pollution problem of Lake Erie and urged State and local governments to make a serious breakthrough in controlling pollution of their water supplies. pp. 8896-7

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued May 13, 1966
For actions of May 12, 1966
89th-2nd; No. 79

CONTENTS

Adjournment.....12,31	Forest Service.....1	Postal rates.....16
Appropriations.....1	Imports.....45	Poverty.....9,18
Commodity exchanges.....38	Inflation.....5,24	Prices.....43
Consumers.....29	Information.....34	REA.....19
Cotton.....3,20	Lands.....39	Reclamation.....41
Economic council.....43	Legislative program.....30	Recreation.....10
Education.....22,40	Livestock.....28	Research.....7
Electrification.....19	Loan pools.....21,30,35	School milk.....2
Farm labor.....11,22	Minimum wage.....25,30	Stockpiling.....13
Farm prices.....46	Opinion poll.....33	Strip mining.....8
Farm program.....17,32	Packaging.....37	Surplus property.....44
Fees.....10,14,30	Participation sales	Transportation.....15
Flood control.....14	21,30,35	Watersheds.....27
Food for freedom.....36	Personnel.....26	Weather.....4
Foreign trade.....6,23,45	Pest control.....42	

HIGHLIGHTS: Senate passed Interior appropriation bill, including Forest Service items. Sen. Proxmire spoke for his school milk bill. Sen. Kuchel spoke for cotton promotion bill. Rep. Randall stated farm prices not causing inflation. Rep. Findley criticized cotton program. Rep. Smith, Iowa commended but recommended changes in farm program and Rep. Skubitz criticized farm program.

SENATE

1. APPROPRIATIONS. Passed with amendments H. R. 14215, the Interior and related agencies appropriation bill, including Forest Service items. The USDA items were the same as reported by committee. Senate conferees were appointed.
pp. 9908-13
2. SCHOOL MILK. Sen. Proxmire spoke in favor of his school milk bill, S. 2921, and inserted his testimony. p. 9364

3. COTTON PROMOTION. Sen. Kuchel spoke on the importance of cotton and in favor of H. R. 12322, the cotton promotion bill. pp. 9864-5
4. WEATHER CONTROL. Sen. Magnuson inserted and discussed his amendment in the nature of a substitute for S. 2916, his weather control bill. pp. 9860-2
5. INFLATION. Sen. Bennett inserted Sen. Robertson's address stating that inflation is caused by too much credit and spending. pp. 9867-8
6. FOREIGN TRADE. Sen. Inouye inserted an article favoring "trade bridges to the East." p. 9870
Sen. Robertson inserted an address by the President of the Export-Import Bank on its services. pp. 9893-6
7. RESEARCH. Sen. Robertson inserted a letter from Vice Adm. Rickover reviewing the life of George Washington Carver. pp. 9873-4
8. STRIP MINING. Sen. Nelson spoke in favor of his S. 2688 to regulate strip mining. pp. 9880-3
9. POVERTY. Sen. Douglas inserted comments of young people on "the contribution of the Job Corps to the war on poverty." pp. 9899-903
10. RECREATION. Sen. Mundt spoke against fees for admission to reservoir areas. pp. 9913-15
11. FARM LABOR. Sen. Murphy deplored the "crisis" in the supply of labor for the Calif. asparagus crop. pp. 9922-5
12. ADJOURNED until Mon., May 16, when the D. C. revenue bill is to be considered. pp. 9918, 9932

HOUSE

13. STOCKPILING. The Armed Services Committee reported without amendment H. R. 13769, to authorize the disposal of cordage fiber (sisal) from the national stockpile (H. Rept. 1527). p. 10029
14. FLOOD CONTROL FEES. The Public Works Committee voted to report (but did not actually report) H. R. 13313, amended, to prohibit user fees being charged in connection with projects for navigation and flood control (p. D413). The committee was given until midnight May 14 to file a report (p. 9941).
15. TRANSPORTATION. By a vote of 306-27 passed as reported S. 1098, to amend the Interstate Commerce Act to insure the adequacy of the freight-car supply. pp. 9942-65
16. POSTAL RATES. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 14904, to revise postal rates on certain fourth-class mail. p. D413
17. FARM PROGRAM. Rep. Randall objected to "talk lately that it is the farmers prices that cause inflation." p. 9967
Rep. Nelsen inserted an article, "Revolt Against Freeman." p. 9979

House of Representatives

THURSDAY, MAY 12, 1966

The House met at 12 o'clock noon.

The Chaplain, Dr. Edward G. Latch, D.D., offered the following prayer:

Therefore, whosoever heareth these sayings of mine, and doeth them, I will liken him unto a wise man, who built his house upon a rock.—Matthew 7: 24.

O God, our Father, who in the midst of the shifting sands of trying times stands steadfast and sure, make Thyself real to us we pray. We are weary of the littleness of little people and would escape from the limitations of their listless living. We are concerned about the state of our world and the direction in which our country seems to be going. We look about us and at times we are discouraged. Help us, we pray Thee, to look up and to keep on looking up that our eyes may be on Thee, our faith in Thee and from Thy hand we may take strength and courage for every day.

Steady us, our Father, steady us as we in spirit bow before the altar of Thy Presence that our faith may be renewed, our hope strengthened and our courage confirmed. In our hospitality to the highest may there come hope for this day and the days to come: through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

CONGRESSIONAL ETHICS

(Mr. DORN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORN. Mr. Speaker, today I have introduced a resolution which would create a Committee of Grievances in the House.

The committee would be composed of seven Members of the House of Representatives to be appointed by the Speaker, four from the majority party and three from the minority party. The Speaker would designate one of the committee as chairman.

The committee is authorized and directed to conduct a full and complete investigation and study of any complaint concerning the conduct of a Member of the U.S. House of Representatives. The committee would be required to report to the House of Representatives the results of such an investigation.

The committee may, from time to time, make such recommendations as it deems appropriate with respect to ethical standards, conduct, and practices of the Members of the U.S. House of Representatives. The committee is authorized to request any Member of the House to

make a full and complete report to the committee of his personal income and investments.

Mr. Speaker, such a grievance committee authorized in the legislation I am introducing would be similar to the grievance committees of the various bar associations of the country. The grievance committees of our bar associations work well and serve an ethical and good moral purpose.

The House of Representatives must itself provide for the discipline of its own membership. We must protect the image of Congress as a great people's institution. We must so conduct the public business and our personal affairs in such a way as to hold the esteem and confidence of the people of this country and indeed that of the entire world.

PRINTING OF ANNOUNCEMENT IN PERMANENT RECORD

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the announcement by the gentleman from South Carolina [Mr. RIVERS], which appears on page 9846 of the May 11 RECORD, appear immediately following rollcall No. 94 in the permanent RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight Saturday to file a report on H.R. 13313, to amend the Rivers and Harbors Act of 1965 to prohibit certain fees being charged in connection with projects for navigation, flood control, and other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

MOUNTAIN BROOK SCHOOL DISTRICT, BIRMINGHAM, ALA.

(Mr. BUCHANAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. BUCHANAN. Mr. Speaker, foremost among the recalcitrant southern school districts one may find listed today in violation of the Civil Rights Act of 1964 is the school district of Mountain Brook in Jefferson County, Ala.

Mr. Speaker, it so happens that the city of Mountain Brook has no Negro citizens. There are no Negro children

of school age within the bounds of its school district.

It so happens also that the city of Mountain Brook desires not to receive and does not receive any Federal aid for its school system.

But the city of Mountain Brook has failed to file the form of compliance and, therefore, the city allegedly stands in violation of the Civil Rights Act of 1964.

At a formal hearing which was held May 9, 1966, the matter was turned over to a hearing examiner. While no formal announced ruling has been made, it is expected that the ruling will be that Mountain Brook has not complied with the provisions of the Civil Rights Act of 1964, not because the district has discriminated against anyone anywhere, or because it is unlawfully receiving Federal aid, but because it has failed to file the form. This school district will therefore be subject to the withholding of Federal funds, which it is not receiving anyway, and does not desire. It will also, apparently, continue to be officially treated as an example of southern recalcitrance and discriminatory practice. Let America's cities, therefore, be forewarned. With or without any practice of discrimination, or even any Negro population, and with or without any desire for Federal funds, woe be unto the southern city which fails to file the form.

DEAN RUSK SHOULD RESIGN AS SECRETARY OF STATE

(Mr. HARSHA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARSHA. Mr. Speaker, the press this morning carried the story that the Secretary of State addressed a letter to the Congress requesting authority to ease trade restrictions with Iron Curtain nations.

Mr. Speaker, no copy of that letter has been made available to the Members of Congress, but from the report I read, it is my firm belief that the Secretary of State, Dean Rusk, should resign.

Any man who advocates, as the story indicated Rusk has done, granting most-favored-nation treatment to those Communist nations who are furnishing supplies and weapons to our enemy in Vietnam, should not be directing the foreign policy of this Nation.

If it is the policy of this Nation to help Communist countries improve their economic posture by extending to them trade concessions, thereby enabling them to better supply our enemies with weapons, then this Nation has no right to ask our boys to die fighting Communists in Vietnam, or elsewhere, for that matter.

Mr. Speaker, the President is critical of the critics of his policies in Vietnam, claiming that any criticism of the administration's handling of the Vietnam crisis is affecting the morale of our Armed Forces there. Surely, the morale of our troops will now reach a new low, with this announcement by the administration.

Why any administration would insist on enhancing the economy of a Communist nation that is supplying weapons to be used in crippling and killing American boys is beyond my comprehension, and a Secretary of State who advocates such a policy, if in fact he did, has no business directing the foreign policy of this Nation.

ATTACKS UPON SECRETARY OF STATE DEAN RUSK ARE DISGRACEFUL AND IRRESPONSIBLE

(Mr. PUCINSKI asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. PUCINSKI. Mr. Speaker, the attack upon Secretary of State Dean Rusk made in this Chamber today is one of the great tragedies of our time.

Mr. Speaker, no American has stood up more forcefully against communism than Secretary of State Dean Rusk. Today he is, in many instances, standing alone against attacks from both sides for his forceful stand against communism in Vietnam.

He is trying to rally the country to understand that to yield to the Communists in Vietnam today would be an open invitation to greater Communist aggression. I say for anyone to stand before the Congress and suggest that Dean Rusk is somehow trying to help the Communists in any way is to torture the truth and make a stranger of the facts.

We Americans, all of us, should offer a prayer of thanksgiving that destiny has given us a man like Dean Rusk for Secretary of State at this moment when the whole survival of freedom is at stake. We have never had a Secretary of State who has stood so forcefully against communism as Dean Rusk and generations of Americans for years to come will call him the great architect of freedom's survival when the present battle is over and the world—yes, the entire world—again is free. I am proud, as an American that Dean Rusk is my Secretary of State.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman.

Mr. ALBERT. Mr. Speaker, I desire to associate myself with the distinguished gentleman from Illinois.

Mr. Speaker, I have known Dean Rusk for 35 years. I have known him as a student, I have known him as a citizen, I have known him as an officer in the Army of the United States, and I have known him as Secretary of State.

Mr. Speaker, I can testify after this long association and close observation that I have never known a man who is stronger, wiser, or more patriotic or sincerely devoted to this country or to the

things in which the people of this country believe.

The statement made by the gentleman from Ohio indicating that the distinguished Secretary of State might make any move which would be injurious to the welfare of American troops in Vietnam is most unfortunate. Even to raise the question whether the Secretary might be prompted by such motives is unfair. The entire life and service of Dean Rusk belies the slightest suspicion of his motives. He is a great patriot and a great American. I commend him on his distinguished service and on his steadfastness amid the criticism which he must endure daily from both the radical right and the radical left.

Mr. DORN. Mr. Speaker, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman.

Mr. DORN. Mr. Speaker, I would like to say to the House that Secretary Dean Rusk is one of the greatest Secretaries of State in the history of our country. The heritage of his family is deep in the soil of America.

In my own congressional district, at Clemson University, the old stone church there was built by one of his forebears. Thomas Jefferson another illustrious ancestor of Rusk signed the Texas Declaration of Independence, succeeded Sam Houston at the Battle of San Jacinto, and served later in the U.S. Senate. Our present Secretary of State graduated from one of the finest Presbyterian colleges in this country, Davidson College in North Carolina with honors.

He served, and I want to repeat what our distinguished majority leader said, he served in southeast Asia during World War II with honor and distinction. He rose to the rank of colonel on the staff of Gen. "Vinegar" Joe" Stillwell. I think he knows as much about southeast Asia as any American. He is standing guard on the ramparts of freedom for his country throughout the world. Secretary Rusk needs the united support of the people of our Nation.

Mr. PUCINSKI. I thank the gentleman.

The SPEAKER. The time of the gentleman from Illinois has expired.

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Iowa makes the point of order that a quorum is not present. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 95]

Abernethy	Burton, Utah	Corbett
Ashbrook	Cahill	Corman
Baring	Callaway	Craley
Bingham	Carter	Dent
Brademas	Chelf	Dickinson
Burleson	Conyers	Diggs

Dow	Kelly	Rodino
Dowdy	King, Utah	Roncalio
Edwards, Ala.	McDade	Rooney, N.Y.
Fisher	McEwen	Rosenthal
Fogarty	McMillan	Rumsfeld
Fraser	Mailliard	Scott
Griffin	Mathias	Shriver
Halleck	Michel	Stafford
Hanna	Miller	Sullivan
Harvey, Ind.	Mink	Todd
Hays	Monagan	Toll
Helstoski	Moorhead	Tupper
Henderson	Morse	Vivian
Holifield	Moss	Watkins
Holland	Murray	Watson
Howard	Nix	White, Idaho
Hutchinson	Olsen, Mont.	Whitten
Jacobs	Powell	Williams
Johnson, Pa.	Purcell	Willis
Jones, Ala.	Quillen	Wilson, Bob
Jones, Mo.	Race	Young

The SPEAKER. On this rollcall, 351 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

"OFFAL IS AWFUL"

(Mr. CAMERON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. CAMERON. Mr. Speaker, today I have introduced a bill which I hope will be a helpful adjunct to the Highway Beautification Act. It would require that new automobiles be equipped with suitable facilities for the disposal of litter. The public consciousness for highway beautification is slowly being aroused, and frequent reminders that "every litter bit hurts" are beginning to have their effect. Beautification committees are springing up across the country; quite often under the aegis of a community chamber of commerce. Many States, in recent years, have raised their fines and jail terms for the chronic litterbug. State patrols and local police are keeping an increasingly watchful eye out for those thoughtless drivers and passengers who cast their litter about the land.

The millions of dollars that this country spends each year to remove litter and rubbish from our highways and byways demands our attention. It is estimated that it costs each man, woman, and child in the United States more than \$26 a year to clean up litter strewn along streets and highways and in public parks.

I believe that, by making a permanent litter receptacle available to automobile drivers and passengers, the irresponsible urge to toss debris out the window will be sharply reduced. The only winners in this competition between personal whim and public esthetics will be the taxpayers. I hope the Congress will favorably consider my bill and promptly enact it into law.

NATIONAL FREIGHT CAR SHORTAGE

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 830) providing for consideration of S. 1098, a bill to amend section 1(14) (a) of the Interstate Commerce Act to insure the inadequacy of the national railroad freight car supply, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 830

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1098) to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California [Mr. SISK] is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ANDERSON] and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 830 provides an open rule with 2 hours of general debate for consideration of S. 1098, a bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

Over the years the shippers of this Nation from time to time have faced shortages of certain types of cars available for meeting their needs. To meet these shortages in past years there was enacted into law provisions dealing with car service and the distribution of car supply authorizing the Interstate Commerce Commission to supplement and at times to override the various directives through which the railroad themselves undertake to ameliorate these conditions in their own cooperative car service rules.

Traditionally these shortages arose during the harvest season, but since World War II they have become chronic. They are not limited to the fall harvest season—although that continues to be a critical period—nor to the particular types of cars involved in the movement of agricultural products. They can occur in any month of the year with respect to any type of freight car.

The purpose of S. 1098 is to secure alleviation of the recurring national shortages of railroad freight cars.

This purpose is to be accomplished by authorizing the Interstate Commerce Commission in its setting of the rates of compensation to be paid for the use of any type of freight car to include such elements as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices—including efficient utilization and distribution of cars—and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense.

Mr. Speaker, I urge the adoption of House Resolution 830, in order that S. 1098 may be considered.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. ANDERSON].

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Speaker, the resolution before us makes in order under an open rule this bill which is very aptly entitled "The National Freight Car Shortage Bill."

I do not suppose there is a Member of this body who at one time or another during his service in this House has not heard from some constituent or from some shipper relative to the problems that are dealt with in this bill.

I was frankly amazed to learn during the time the hearings were held on this bill before the Committee on Rules that freight car ownership in this country today is actually less than it was at the end of World War II.

Further, we were informed that what was once a situation that could be described as one of peaks and valleys with respect to the shortage of freight cars, now is a situation of almost continuous or chronic shortage. The situation is so bad that some of our friends on the west coast, those who operate lumber mills and plywood mills have literally been obliged to cut down their operations because of the lack of cars or the shortage of cars to move their products from the mills. So I think that this bill is a wholly desirable effort to try to deal with this situation.

One point that does deserve emphasis, I think—and this was pointed out by the committee in its report—is that the record of the hearings on this bill do not indicate that the solution that is going to be attempted here is necessarily going to be the ultimate solution. There is no real guarantee or assurance that adding this incentive element to the per diem payment that can be assessed against a line by the Interstate Commerce Commission will solve the shortage of boxcars in this country. Other steps will undoubtedly be needed.

But insofar as it will help to alleviate this critical and serious shortage of freight cars, particularly in a time of national emergency, a time when we are being obliged to move great quantities of freight by rail, this bill is one that I think is a step in the right direction. So I join my colleagues from California in urging the adoption of this rule and the favorable consideration of the bill that it makes in order.

The purpose of the bill as previously pointed out is to give to the Interstate Commerce Commission additional rate-making authority which is to be used to encourage railroads to acquire and maintain a supply of freight cars adequate to meet the needs of commerce and national defense.

Years ago, the ICC made one approach to the problem and attempted to invoke a penalty per diem procedure. It set up rates to be paid by one railroad to another whose freight cars were on the paying railroad's line. This was over and above what might be considered to be the outright recompense to the owner for the cost of owning the car and including an amount high enough to penalize the railroad using the car on its line instead of returning it to its owner. This section was voided by the courts as an action beyond the authority held by the ICC.

More recently the ICC has favored the inclusion of an incentive element in the per diem cost presently used which would induce railroads to own their own freight cars. This is the step taken by this legislation.

ICC's ratemaking authority will be increased by a grant of discretionary power to include an incentive element in the per diem now charged railroads using other railroads' freight cars. The aim is to encourage such users to acquire their own cars. This authority will become effective on September 1, 1966. Between the enactment date and September 1, the ICC will further study the problem to determine how large an incentive element is needed.

The ICC will be empowered to go beyond the basis of ownership expense in computing compensation; consideration may be given as to whether such compensation should be increased by an incentive element, and if so, how much. The power is discretionary, none need to be added. No such incentive element can be added to the per diem costs of any type of freight car if the ICC finds the type to be in adequate supply.

There are no minority views. The opposition to the bill is coming because of a fight between the railroads themselves as to the benefits of the bill. Generally western systems support the bill and eastern ones oppose it.

Mr. Speaker, I again urge adoption of the rule and express the earnest hope that this bill will be passed so that we can move in the direction of solving this critical problem of a shortage of freight cars.

Mr. Speaker, I yield 2 minutes of this time to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Speaker, I rise in support of the rule and likewise in support of the legislation that will be made to order. To point up the importance of this legislation, I came across a little item which spelled out the situation more clearly than perhaps any speech that I might make could do. This is an excerpt from the quarterly report of the Weyerhaeuser Co. In reporting to their stockholders with regard to the boxcar shortage, they had this to say, and I shall read in the RECORD only a few sentences from that quarterly report:

The nationally publicized boxcar shortage has had its effect on company manufacturing operations and shipping schedules. Our wood products shipments are currently about 1,000 railroad cars behind schedule, and trucks, barges and ships are being employed wherever feasible to ease this problem.

Without these expedients, we would be an additional 800 cars behind. Only 75 percent of our car requirements are being supplied by the railroads, and this is a serious condition that shows only limited signs of improvement at this time.

Mr. Speaker, many mills and other types of businesses in the Far West have suffered as a result of the shortage of boxcars. Many of these are small businesses, of course, and not large like the Weyerhaeuser Co., which has its own steamship line. So I do hope that the Members of the House will listen to the arguments in favor of this legislation and, if they can do so, support the bill.

I yield back the balance of my time.

Mr. SISK. Mr. Speaker, does the gentleman from Illinois have any further requests for time?

Mr. ANDERSON of Illinois. Mr. Speaker, I yield as much time as he may require to the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, being a member of the Interstate and Foreign Commerce Committee, I have been interested in this problem for a long time. There is a tremendous shortage of boxcars. The way it is now, as may have been pointed out, a railroad owning a boxcar sends that boxcar to another part of the country, and the railroad that receives the car can keep it as long as it wishes at a very low rate per day of rental. That means that it is profitable for them to do this rather than build their own cars.

So this has caused a serious shortage. It is damaging to the economy. I think we are all aware of the fact that we need a dynamic economy, and the shortage is damaging because we just do not have the cars to move the various products, particularly grain in the Midwest, where the shortage has caused farmers to pile the grain on the main square, we might say.

Many Members have seen pictures of that in the paper. I hope the rule will be adopted—I am sure it will—and that the bill will pass, because this has a very great effect upon the economy of this country.

Mr. SISK. Mr. Speaker, I urge adoption of the resolution, and I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. STAGGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1098) to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from West Virginia.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the con-

sideration of the bill S. 1098, with Mr. HULL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from West Virginia [Mr. STAGGERS] will be recognized for 1 hour, and the gentleman from Illinois [Mr. SPRINGER] will be recognized for 1 hour.

The Chair recognizes the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill, S. 1098, is designed to deal with some of the problems of the railroads. On occasion, this House has been asked to consider legislation which might be considered to be critical of railroad policy or practice. This should not blind us to the fact that railroads are absolutely essential to the continued existence of this Nation. The railroads built the Nation, in a very real sense. They held it together. No foreseeable development in other forms of transportation can make the Nation independent of the rails. Other forms are complementary, if you will; but they are not substitutes. The operations of everyday life are tied by customary usage to the rails; in a crisis, such as a war or a natural calamity, they carry the big load. I make the point strongly because a healthy and progressive rail system must be maintained in the public interest. We must not permit it to deteriorate from lack of serious constructive consideration. We have the best system on earth; it is our duty to keep it such. To the extent that Federal legislation can promote the interests of the railroads, we should do our best to devise good legislation. I urge you to put your best thought and judgment into the bill before us.

The purpose of this bill, S. 1098, is to secure some alleviation of the recurring national shortages of railroad freight cars. This is to be accomplished by giving the Interstate Commerce Commission expanded authority in the setting of railroad per diem rates. This per diem is the amount which an owning railroad charges another railroad for the daily use of the owning railroad's freight car.

At the present time the Commission has authority to set such rates at the cost of ownership of the car, namely, the maintenance and depreciation expenses of the car and a fair return of its value. This bill would enable the Commission to add an extra amount of incentive where the Commission finds any type of freight car is in short supply in the hope that this incentive would encourage people to buy such type of freight car.

This bill does not attempt to deal with the current freight car shortage which I shall describe later. It is a bill which its sponsors hope in the long run will result in an increase of the freight car fleet.

BACKGROUND OF LEGISLATION

We have had recurring shortages of cars continually since the end of World War II. Traditionally these shortages arose during the harvest seasons but since the last war they have become chronic. They are not limited to the fall

harvest season—although that continues to be a critical period—nor to the particular types of cars involved in the movement of agricultural products. They can occur in any month of the year with respect to any type of freight car.

There have been all sorts of conflicting statements made as to the reasons for the shortages as to whether they arise from lack of adequate ownership, or from improper distribution of the existing car fleet, or from overdetention by the shippers in unloading, or from the prevailing 5-day-as against the 6-day week, or from the movement of grain by the Commodity Credit Corporation, or from the change in the use of boxcars to the use of hopper cars in the movement of grain, or from the change to wide-door boxcars for use in transportation of lumber, or from the increased use of flatcars with containers and motor trucks, or from the change in industry practice in consignment, diversion, and otherwise, or from the problems of origination versus termination of loads on any given railroad, or a mass of other reasons.

There are some who argue that the trouble simply is a lack of enough cars and point to a declining number of cars owned by the railroads in the past 29 years. On the other hand, the railroads contend that a simple recital of numbers is not the full story for the cars which have been placed in service are much larger and the revenue ton miles which have been generated by each loaded car have increased by nearly 50 percent in the last 12 years and by 25 percent in the last 5 years alone.

It is true that to some degree this is a statistical increase merely reflecting the decline in the number of cars loaded with LCL freight and the dropping of local way freight service by the railroads, but, nevertheless, it is true that there have been much heavier loadings per car. In absolute terms the railroads in 1965 hauled over 695 billion ton-miles which is a higher figure than any since the war.

While there may be some argument over the overall railroad carrying capacity despite the decreasing number of individual cars, nevertheless, there has been a material change in the type of equipment owned by the railroads with a much greater concentration of buying in recent years of special purpose cars rather than general purpose cars as boxcars. These are cars like the rack cars for automobiles, the long flat cars carrying motor trucks and trailers and containers, and the covered hopper cars which now are used to move a substantial quantity of the total grain traffic. The increase in these special purpose cars which are not as susceptible for use in a return movement can be measured by the fact that in spite of all our utilization today of higher-tensile lower weight materials in car construction, the tare weight hauled per ton of revenue weight has not decreased in 40 years. It is also reflected in the fact that whereas we formerly hauled only two empty cars for every four loaded cars, we are now hauling 2 empty cars for every three loaded cars.

To some degree, accordingly, the users of the all-purpose boxcars have been faced with problems owing to the declining number of these cars, but it should be pointed out that the very utilization of covered hopper cars for the movement in grain and of flat cars for the movement of trucks and containers has decreased the demand for these general purpose cars.

All I am saying is that it is difficult to determine whether the current shortages are the result of adequate ownership or change in type of car owned or the many other reasons which I have just mentioned that have been advanced, but regardless of the causes we know that there have been these shortages.

There is no need here to present evidence of these shortages, for every Member of this body in the past 20 years at some time or other has had brought to his attention the discouraging situation facing the shippers in his area regarding an adequate supply of freight cars.

Something must be done to meet the needs of the shippers and of the public and of the country. We cannot go on as we have these many years.

At the close of the war the Commission attempted to institute a "penalty" per diem, that is to set a rate high enough to make it so expensive that a carrier would not wish to hold a foreign car and would return it to its owner. In a decision in 1947, however, the court held that the Commission did not have the power to set a rate on this basis under the statute and was limited to a rate representing adequate compensation for ownership expense.

The Commission did not appeal this decision, and off and on over the years since has sponsored legislation to increase its per diem authority. This legislation generally met with opposition by many railroads.

About a dozen years ago several western railroads sponsored legislation which would give the Commission authority to take into account the value of use of the car; that is, what they lost in terms of revenue by not having their own cars on their own line of railroad when they wanted to use them. This proposal several times was heard by the Senate committee or by our committee, and I believe once or twice was reported by the Senate committee.

Last year the Commission again renewed its proposal in language somewhat similar to that which had been supported by these western railroads; that is, the Commission was to take into account not only the ownership expense but also the value of use, and might include an element for encouraging the acquisition of a car. This bill was subject to hearings by committees in both bodies. It was generally supported by the western railroads and generally opposed by the eastern railroads.

You will appreciate, I am sure, by and large, the western carriers originate more traffic than they terminate, whereas the reverse is true as to the eastern railroads. As a result of this fact, it is likely that many western railroad cars, especially boxcars, will wind up on eastern railroads.

Many of these western railroads argue that they have sufficient boxcars if only the eastern railroads would return these cars to their owners and that the eastern railroads are not making their fair contribution to the national fleet. The argument of many eastern roads is that they have more cars on their lines than they need to protect their shippers and are compelled by the car service rules to load back west to the owning railroads the western cars before they load their own eastern cars, so there is no reason for them to buy the additional equipment, and that it is the duty of the western or originating railroads to own enough cars to protect their shippers. These western railroads in turn counter that they receive so little from the eastern railroads for the use of their cars that there is no inducement to increase ownership.

The resolution of just what is the number and type of cars which each railroad should own is not easy. This bill is an attempt to increase the amount paid for the use of a car so that there will be an incentive to own more cars.

The bill passed the Senate substantially amended from the form in which it was introduced, the amendment consisting chiefly of a provision that the Commission had the discretion of determining whether these eastern or "terminating" railroads would have to comply with the provisions covering an "incentive" per diem.

Our committee gave the measure very thorough consideration and arrived at the conclusion that the hearings on this bill, as had been true of the hearings on previous bills, were not conclusive as to whether the incentive per diem would be successful in achieving the goal which we are seeking; namely, the alleviation of these chronic freight car shortages.

The committee felt, however, that inasmuch as some railroads believed, and the Interstate Commerce Commission believed, that the additional authority contained in this bill might help and inasmuch as the railroads who consistently had opposed the bill were able to offer no alternatives, the legislation should be reported in the form amended by the committee.

The committee in reporting the bill last fall recommended that the Commission's authority in this field be not completely effective until September 1 of this year. This delay was incorporated so that one final period should be allowed so that the railroads, if they could and if they would, work out their own problems.

Of course, this is exactly where the responsibility rests. It is the duty of the carriers to see that they have equipment to provide the service that they so earnestly wish to offer to the public.

Since the Cabinet report of 1955, and more specifically during the last 4 or 5 years, the railroads have urged legislation which would let them to better meet competition from other forms of transportation, and to permit them to regain some of the traffic they have lost to the motor and water carriers. In 1958, legislation was passed which changed somewhat the rule of ratemaking

where competition was involved between carriers of different modes of transportation subject to the Interstate Commerce Act. Two years ago this committee reported out, after extensive hearings following transportation messages from both Presidents Johnson and Kennedy, a bill which would to some degree meet the railroad argument that there be less regulation of minimum rates on grain and agricultural commodities so as to equalize their opportunity to compete for the traffic being handled by other modes of transportation.

In view of this argument advanced by the railroads during these years that they be freed from regulation of their minimum rates so that they might compete for traffic against the other modes of transportation, it is anomalous to find that the railroads have not been and are not even today in a position to meet the demands for equipment which already are placed upon them. This has been especially true as to boxcars which are involved in grain movement. During all these recent shortages, the railroads continue to file lower rates on grain in order to take traffic from competing motor and water carriers, and the Commission continues to allow such lower competitive rates to go into effect.

The Chairman of the Commission has informed me that in his opinion the Commission in connection with a rate filed for the purpose of meeting the competition of a different mode of transportation cannot take into consideration the ability of the carrier filing the tariff to supply the equipment necessary to move the commodity covered by the tariff in the light of the carrier's ability to meet the transportation demand already existing upon it.

The railroads have not been able to work out a common position or an alternative to the legislation here proposed. At the start of this session, I asked the Association of American Railroads what it had done and had to propose for working out the problems in this field of the adequacy of freight car supply. I received no suggestion from it, and, accordingly, I requested that a rule be granted in order that this bill might be brought up before the House for its consideration.

COMMITTEE AMENDMENT

The committee amendment to the Senate bill sharpens up the authority given to, and the standards to be employed by, the Commission in determining these per diem charges.

The amendment first restates in clear language what the courts have held to be the limitations of the law as it is now written. The Commission in establishing the compensation to be paid under the terms of any contract or arrangement for the use of a type freight car shall compute this compensation on the basis of arrangements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value.

It should be noted here in passing that these contracts and arrangements among carriers have recently been on a sliding scale depending upon the age

and value of the car and currently extend from \$2.16 a day for a car valued under \$1,000 to \$3.58 a day for a car valued between \$5,000 and \$10,000, and a maximum of \$12.18 for a certain special purpose car. This is a change from the average method that the railroads formerly used which method had resulted in a change of \$2.88 a day immediately before the sliding scale method was adopted 2 years ago.

Second, the amendment gives the Commission the discretionary power to increase this compensation by an incentive element to encourage the acquisition of an adequate supply of freight cars but it gives such power only by type of freight car, and the Commission is not allowed to make any incentive element applicable to any type of freight car, the supply of which the Commission finds too adequate.

It should be noted here that while most of this discussion has been upon the amount paid by one carrier to another, the bill is not limited solely to car ownership by railroads, but includes also rentals paid by railroads to shippers for the use of shipper-owned cars. The Commission may increase such rentals above a compensatory basis by an incentive element to encourage the acquisition of types of cars found to be nationally in short supply.

In the third place, the committee amendment provides that the Commission would be empowered in its discretion to exempt from the incentive element provisions any group of carriers where the Commission finds such exemption to be in the national interest. This provision enables the Commission to make exemptions from paying an incentive element by class of carrier, and permits the Commission to consider the several factors specifically authorized in the Senate bill.

The committee amendment strikes the provision in the Senate bill which would have allowed the Commission to consider the element of value of use of the freight car as the committee was not at all in sympathy with this proposal nor believed that it was workable.

Determination of the value of use of the car; namely, what the owning road might have received in terms of revenue from the car had it had the car on its own line instead of being on a foreign carrier is so conjectural and questionable as to be impracticable and essentially is an approach to the problem through penalties rather than through incentive.

THE CURRENT FREIGHT CAR SHORTAGE

I should like to comment briefly on the present freight car shortage. Our committee has given much attention to it and what could and should be done under existing law to meet today's situation. This is a completely separate matter from the matters involved in this bill. The immediate shortage must be met by proper handling and distribution of the available supply of cars.

The committee report on the bill last October in addition to calling upon railroads to try to work out their own problems on these per diem charges also called upon those involved to consider

other avenues of meeting the present day shortages, specifically the car service rules, problems of detention, of loading and unloading, and the like.

Last January I similarly attempted to develop what was being done to pursue these avenues which might give concrete results.

At the end of January, the Interstate Commerce Commission issued Car Service Order No. 973 which, with 21 supplements extending to the 10th of February, required 15 eastern and southern railroads weekly to supply 10 western railroads with 5,075 empty, plain narrow-door, under 44 feet, boxcars, for the purpose of meeting demands for grain and lumber loadings. Our committee met with the Interstate Commerce Commission in an extended session to consider this order, other orders, and the problem generally. It has been evident that the acuteness of boxcar supply the past few months has been accentuated by movements of grain especially for export at a rate of 50 percent above that which prevailed the first 4 months of last year.

The Commission in March followed up this general boxcar order with additional car service orders designed to help two specific northwestern railroads, to restrict the free time to be allowed at ports and to increase detention charges, to expedite unloading of boxcars and covered hopper cars at ports, and to reinforce the basic railroad association car service rules.

It is commendable that the Commission finally moved in this area of car service to improve the availability of the existing car fleet.

It is not yet clear that all has been done which might be done nor how effective some of the measures which have been promulgated actually may have been or are, nor the statutory basis on which some of the actions are taken. The committee will continue to watch this situation.

The committee's concern and continuing deep interest in car distribution is, however, a completely separate matter from that of the long range solution proposed to be achieved by this bill. For the reasons I have stated, I urge its passage.

Mr. SPRINGER. Mr. Chairman, I yield myself such time as I may consume.

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Chairman, since September of last year, I would guess that a very substantial number of the total membership of 435 in this House of Representatives have talked to some member of this Committee on Interstate and Foreign Commerce about this particular problem of a shortage of railroad cars in his district.

Now, Mr. Chairman, this has not always been true, up until about 5 years ago. There were shortages at certain times of the year, but there was in the economy what we call peaks and valleys. In short, if I could not get corn and soybeans, hauled in my district, out in October, November, and December, I could always look for the valley in January, February, and March. In other

words, I could count upon the trains and the railroads to get that grain out at that time.

Mr. Chairman, this was true with reference to almost every single seasonal crop and almost every seasonal industry. Lumber, for example, has been mentioned as one of the industries involved here.

Today, Mr. Chairman, this shortage is uniform. For every one of the 365 days of the year we are, relatively, 10,000 boxcars short. I believe one can see that if we are running level short everyday, someone is not going to get his goods hauled out of his district. This, in my opinion, is most obvious.

Mr. Chairman, in this legislation we have come forward with a bill this year which has been recommended to us by the Interstate Commerce Commission, after a great deal of thought which has been given to this problem. That thought has extended over a 2- or 3-year period of time. They have come before us on at least two occasions prior to last September to ask us for legislation which would make it possible for them to increase the number of boxcars and service cars available to serve this country.

Mr. Chairman, over my objections this committee put the Interstate Commerce Commission off. That was a big mistake which was made, largely because the railroad industry itself was seriously divided over whether or not this legislation was needed and, then, there were certain groups and certain railroads that wanted themselves exempt from the legislation so that they did not have to have any part of it and did not have to accept any provisions and did not have to make any payments.

Now, Mr. Chairman, we are not going to say that in view of that hindsight something ought not to be done today.

In an effort to put this in a nutshell, let me point out where we have been going in the railroad industry during the past 16 years.

Mr. Chairman, right after World War II, in 1950, we had 1,935,000 cars. Six years later, in 1956, we had 1,775,000 cars on the railroads.

As of January 1, 1965, which is almost 18 months ago, we had only 1,550,000 cars on the railroads.

Mr. Chairman, this meant that within a period of 15 years there were almost 25 percent fewer railroad cars on the railroads than there were 15 years before.

Now, Mr. Chairman, in the meantime what had happened to the economy of this country? I am informed by the Department of Commerce that the economy of this country has multiplied or increased approximately 42 percent in that 15-year period of time.

Here we are today trying to haul 42 percent more goods in this economy than we hauled 16 years ago with 25 percent fewer cars.

Now, my colleagues, this is the crux of the situation. I think these figures are evident to you, that something has to be done about this problem. This is why this committee has brought this bill to you as the best that we can make out of a very difficult situation.

The Interstate Commerce Commission has given this all the thought that is possible. They are experts in the field. They were questioned by every single member of our committee who was present and I can say at one time or another every member of our committee was there to ask questions. Some of them were making suggestions—you ought to do some other things—you ought to allocate cars—maybe they were not making the most efficient use of the cars they had. All of these questions were raised and the ICC came back and said, "We have told you the last three times that we appeared before you that we do not see any way out of this except our solution to increase the number of cars. We have done everything we can under special orders to get full 100-percent utilization of all the cars already on the railroad tracks."

Now we have to make this decision as to what we are going to do today.

The Senate in 1965 passed out a bill. It is not the same bill that your committee brings to you today and we are not going to quarrel with what the other body did on this matter. We, I think, today can work out our differences on this when we go to conference.

If some of you will look at the bill, S. 1098, that was the Senate bill that we considered. We added a committee amendment and rewrote a good part of that into what is the House version—you will see that we made some really important changes. The Senate passed that bill last year and we passed our version of S. 1098 on October 20, 1965.

When our former colleague, the gentleman from Arkansas, Mr. Harris, was chairman of the committee, we talked about this, after the bill was brought up. We felt if we got this bill out, we were going to give the railroads a chance—and they said they wanted a last shot at it to see if they could work out their differences and come up with something that would be a solution to this problem without perhaps having to pass legislation or having to force the situation.

The railroads have been at it since October 20, 1965, and nothing concrete has been arrived at. The action of the Interstate Commerce Commission is the best testimony of the fact that there has not been anything accomplished.

Now I think there is one further thing we ought to know. You will note that the date of our bill provides that it shall be effective on September 1, 1966. If we pass this bill and get to a conference with the other body in the next couple of weeks and finally get this matter worked out and it goes down to the White House and is signed, it means the industry will still have until September 1, 1966, to see if they can come up with some kind of agreement, outside this legislation, with which they can go before the Interstate Commerce Commission and perhaps settle this in their own way. However, they would still be bound by the law and if they do not have anything by September 1, 1966, a ruling or directive of the Interstate Commerce Commission will be forthcoming.

This is where we are today.

Now some of you are probably wondering, Have we ever been faced with this problem before? I quote from page 250 of the hearings before this committee in October of last year. A statement of the Western Forest Industries Association of Portland, Oreg., contained a short piece of doggerel and this is the way it goes. This was written in 1915:

He would look way off t'ward the sunkist South,

And his face was filled with sorrow,
And the only thing that he would say,
Was "They promised me some tomorrow."

A stranger passing by one day,
Inquired of a native son;
"Who is that man who sits over there,
With the antique vision gun?"

"My friend," the native answered,
As he wiped away the tears,
"You shouldn't speak of him that way,
For he's been there 50 years."

"Why that man's story to us here,
Is as common as the stars,
"He's a western Oregon lumberman,
Looking for S.P. cars."

So some 50 years ago railroads were faced with this proposition. Here we are today.

The Commission's proposal primarily is to grant an incentive to encourage an increased production of railroad cars. They will say that they have the present right to fix per diem rates. They do not, however, have the right to add incentive rates. This has been through the courts and it has been so determined. For this reason the Commission now believes that the only solution is to obtain authority to grant economic incentives to railroads which will get us more railroad cars.

The old theory of bare-bones-plus-interest rentals has not successfully produced the cars that we need.

If I were the owner of a railroad and did not choose to manufacture or buy new cars, I think I might like to do that, if I was president of the railroad. For what reason? Well, for \$3.50 a day some of these boxcars can be rented. Would any railroad which can use these cars for a \$1,000 profit have any incentive to produce a \$18,000 to \$25,000 boxcar? I think it is evident from the very economics of it that some additional incentive must be granted, and the Commission must have some authority to do this, which up to this time has been denied by the courts.

Now let us find out by whom this is supported. Is this supported by the great, broad public interests or not? Well, it is supported in a letter which Members will find in the committee report at page 10. You will find that it is supported by the Department of Agriculture in a long letter from Secretary Freeman pointing out that the proposal is in the public interest and ought to be undertaken now. It is supported in a letter written by the General Counsel of the Department of Commerce supporting the bill. The Defense Department earnestly supports the bill. The Office of Emergency Planning supports the bill. The Bureau of the Budget supports the bill.

May I say that all of the farm organi-

zations that I know anything about support the bill. I do not know of a single shipping organization that appeared before our committee in opposition to the bill, and I believe they are all for the bill.

Now, may I say, there is a very small number who did appear in opposition to the bill. They are quite small; not very big. I think in fairness I ought to tell you who they were. They were the New York Central; the Pennsylvania Railroad, the New Haven, Boston & Maine Railroad; the Southern Pacific Co.; and the American Short Line Railroad Association. Nearly all of those companies sent representatives to see some member of the committee seeking some amendment whereby their economic situation could be exempted under the bill. So all of them had a personal interest in being opposed to the bill and desired amendments to fit their particular situations.

So I think I may say to my colleagues that this is a bill which would not only be in the public interest but is also a bill which is badly needed, not only by the Interstate Commerce Commission as a means of regulating this important problem, but it is needed by the economy of this country.

In closing, as I said to the Rules Committee—and I am not divulging any secret—that there was only one vote in opposition to bringing the bill before the House—if we do not solve this problem today by a favorable vote on this bill, I will guarantee you that you will be back here on January 1 with either this bill or a much more stringent bill than the one that you are asked to vote on today. This problem will not get better. It is going to get worse.

Let us take 1965 as an example. There were 52,000 cars which left the railroads of this country by wearing out or for some reason or other. There were 32,000 cars purchased. This gives you some picture of how fast down the hill we are going in a negative way, and how far behind the times we are getting in this whole field of transportation, unless we come up with this legislation.

To a large extent the committee has relied upon the Interstate Commerce Commission. Since the Commission is expert in this field and is subject to the legislative jurisdiction of this committee, we have relied upon them for the best advice we could get.

May I say that it has been with reluctance that we have this legislation, and only as a last resort. But now it is needed and I ask my colleagues to support this legislation today.

Mr. MIZE. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. Yes, I yield to the gentleman.

Mr. MIZE. Mr. Chairman, I rise in support of the passage of S. 1098. I am one of a score or more Members who introduced legislation similar in content to S. 1098. When the House Interstate and Foreign Commerce Committee completed hearings last year, it saw fit to report out an amended version of the bill which had been approved by the Senate. I am sure that most of us agree that the

provisions of this amended version are desirable in that the Interstate Commerce Commission would be given discretionary power to establish incentive per diem rates. This power is important if we are to get to the nub of the problem. Those of use who have lived with these annual shortages know that the per diem charges have to be high enough to create an incentive for buying and owning boxcars.

As has been pointed out many times, when the per diem charge is low, as it is now, it is cheaper to rent a car than it is to buy or build one. But with realistic per diem charges, any railroad using another line's car would save money by returning the car as quickly as possible. The same business economics dictate that by putting a profit into car ownership, the profit motive will insure the construction of more freight cars. Through proper rates, you provide the incentives for the construction of additional freight cars. Prospective freight car buyers will then have the assurance that per diem charges will be sufficiently high to make car ownership a profitable and desirable form of investment.

Mr. Chairman, legislation of this type has been a long time getting this far. Hearings have been held in previous Congresses, but getting the legislation to the floor of the House for a vote is a victory in itself. While the Congress has been wrestling with the problem, we have been going from one bad year to another as far as having enough freight cars is concerned.

We are right in the middle of another shortage. Latest figures indicate that during the week of May 1, we had a shortage of some 9,246 cars per day. This figure has been as high as 13,000 cars per day for 2 or 3 weeks in February and March. It will probably go that high or higher again. Within the next 30 days the winter wheat harvest will start in the Southwest. Add this demand to the already huge demand caused by increased shipment of CCC stocks and defense needs and you have a shortage of staggering proportions.

This legislation may not be the entire answer, but most everyone agrees "it is a step in the right direction." Any new rates fixed under this bill would not become effective until September 1, 1956. It will take a while for the new rates to have the desired effect in the construction of more cars and in keeping them from piling up on terminal lines, but at least, we are facing the problem and through the adoption of this bill, we may get over the hump so that next year's shortage would not be one that was worse than the year before.

In the April 24 edition of the Washington Post, staff writer Paul G. Edwards covered many aspects of the problem. Under leave to revise and extend my remarks, I include Mr. Edwards' article at this point in the RECORD:

ACTION URGED TO PREVENT FALL CRISIS AS SHORTAGE OF FREIGHT CARS MOUNTS

(By Paul G. Edwards)

A National freight car shortage is causing more concern now than at any other time in recent years.

During the past few weeks Congressmen from the farming States of the Midwest to the lumber producing Northwest have been calling for vigorous action on the part of the railroads, the Interstate Commerce Commission and Congress itself to find a long range solution to the problem and to take immediate steps to prevent major shipping tieups during the coming wheat harvest season.

The pre-harvest period usually is one of relatively light demand on the freight car fleet, but several factors have created an unusual strain on the car supply this year:

All sectors of U.S. industry are pushing their practical production capacities during this boom period and consequently the demand on all forms of freight transportation is high.

Increased grain shipments abroad have made unusual demands on the boxcar fleet.

The recent four-day strike against eight major railroads, while brief, deferred hundreds of thousands of carloadings which, since there is a shortage of cars under normal conditions, cannot readily be made up now that the strike has passed.

Not only the causes, but even the dimensions of the freight car shortage are matters of dispute.

The Association of American Railroads, which speaks for the industry on car supply, grants that there is a shortage but has not published figures on it for five years because it feels that the railroads have become the whipping boy for general transportation shortages.

"Other modes of transportation do not publish figures on shortages of truck trailers or river barges," said an AAR spokesman, "so why should we furnish car supply figures?"

The AAR recently reported, however, that the National fleet of 1.8 million freight cars of all description now has about the same carrying capacity—107 million tons—as it did 10 years ago.

A substantial increase in the size of cars has compensated for a 10 percent decline in the number of units since 1956. Last year the 89,000 cars retired had an average capacity of 54 tons. New cars purchased barely exceeded this number, but had an average capacity of 78 tons.

These figures are for all types of freight cars, and though there is a growing need for almost every kind, the cries from the West are for general purpose boxcars. In this category number of units has declined 19 percent in the past 10 years and carrying capacity 13 percent.

Last month, ICC Chairman John Bush referred to the shortage as being about 13,000 boxcars a day. This figure has become the popular estimate. It is reached by comparing the average number of daily carloadings, a figure that is disclosed by railroads, with loading requests by shippers—a figure less easily obtained and less reliable.

"The trouble with this approach," the AAR spokesman said, "is that a shipper with facilities to load a couple of boxcars a day may have a backlog of orders that could fill a dozen boxcars and the difference is reported as a car shortage."

Everyone affected by the boxcar shortage does agree, it is not so much a problem of lack of total capacity as it is of getting the right kind of cars to the right place at the right time.

Boxcars belonging to one railroad fall into the hands of another through interline shipments. Receiving roads are allowed to retain the cars at a daily rental rate varying from about \$2 to about \$12, depending on the value of the car.

Boxcars naturally tend to collect in heavily populated areas and near seaports. Especially during peak freight periods, railroads in these areas frequently prefer to pay the rental rates rather than return boxcars to

roads in the farm and timber areas of the country.

The ICC attempts to regulate the supply by issuing orders requiring certain railroads to return the cars of another over specified routes and in specified daily quantities.

Once, last month for the Great Northern and Northern Pacific Railroads, the ICC issued an "exclusion order" requiring all railroads to return all boxcars of those lines immediately.

"We realize this is not a real solution to the problem," Bush said at the time the exclusion order was issued. "All of our car service orders merely amount to an effort to distribute a shortage fairly, but this will not end the shortage itself."

The shortage in the Northwest was dramatized by curtailment of operations at some lumber mills that could not get boxcars for shipping. The economy of many small towns in the Northwest is built around a single mill, and it did not take long for the complaints of businessmen to take the form of speeches by Senators.

Thirty Senators signed a letter to Bush demanding action.

In the Midwest, such Congressmen as Senator JAMES B. PEARSON, Republican, of Kansas, are under constant pressure from wheat shippers to seek a government solution to the shortage.

Small country grain elevators filled with the hard red wheat now in need for shipment to India under the Food for Peace program are presently making heavy demands for boxcars.

A Food for Peace official said that it currently takes about 45 days from the time of the order to deliver a boxcar of Kansas wheat at a Gulf port for shipment to India. This, he said, is about twice the normal time.

Food for Peace wheat deliveries at U.S. seaports were at record levels during the first quarter of this year—160 million bushels in January, 166 million in February and 202 million last month. There is no indication the demand will ease, but recent reopening of the St. Lawrence Seaway is expected to help shipments from the upper Midwest.

The demand for general purpose boxcars and covered hopper cars will continue high, however. About 80 percent of all lumber is shipped in boxcars and both boxcars and covered hopper cars—with twice the boxcar capacity—are used for wheat.

There is little chance that the actual number of cars built will increase dramatically. Car manufacturers report substantial backlogs of orders and complain of a shortage of skilled machinists needed to build them.

Nevertheless, Congress is currently considering several bills aimed at increasing the supply. One was passed by the Senate last year and is awaiting House Rules Committee action.

All would give the ICC broader authority for regulating the boxcar supply, including a method for fixing rental rates that would encourage railroads to build more cars.

A bill recently introduced in the Senate would also double the investment tax credit for new freight cars to 14 per cent.

If the Johnson Administration has its way, the freight car supply problem will be shifted from the ICC to the proposed Department of Transportation. In that case, the authority contained in the bills now before Congress, if they become law, will simply transfer to the new department.

About the only bright spot in the boxcar shortage is the consolation it offers those concerned about inflation. No one in the Administration will make a firm estimate of the drag on the gross national product caused by the shortage, but a rough guess is obvious from certain government reports.

It has been estimated by the Commerce Department that a complete shutdown of railroads by strike would cut the GNP 13 per-

cent after 30 days. The weekly boxcar shortage of 65,000 cars is about 10 per cent of weekly carloadings, so a reduction of 1 per cent of the GNP, about one-tenth of the effect of a total shutdown, might be assumed.

If some economist finds this \$7 billion slowdown consoling, the lumber men and grain farmers of the Midwest and Northwest—and their Congressmen—do not.

(Mr. MIZE asked and was given permission to revise and extend his remarks.)

Mr. STAGGERS. Mr. Chairman, I yield 8 minutes to my colleague from Washington, BROCK ADAMS.

Mr. ADAMS. Mr. Chairman, as the newest member of the Interstate and Foreign Commerce Committee, it gives me a great deal of pleasure to support the committee's very important action in moving toward relieving the national freight car shortage. This shortage is critical now and is becoming worse. It is the result of two principal factors: first, inadequate car ownership; and second, failure to use existing equipment efficiently.

This is a bill in the national interest which, in simple terms, will give the Interstate Commerce Commission the power to include in the rental rates for the use of freight cars an incentive to induce the railroads to acquire and own freight cars so as to make sufficient freight cars available for the shippers in our communities throughout the United States.

It should be emphasized that this is not a penalty bill, nor should we be misled by arguments that this is a struggle between the so-called originating roads and terminating roads.

As reported in the Railroad Fact Book, the number of railroad freight cars at the close of 1963 was down to 1,512,000 cars. At the end of 1964 the total number of cars had slipped to 1,488,000. By April of 1966 the figure was a 1,480,000. This was true even though the railroads placed over 68,000 new cars in service in 1965, double the 1962 total. The reason for this decline is that the retirement rate on older cars is higher than the new car replacement, plus the fact that new types of cars being demanded by shippers is making obsolete many of the older cars even though they may not have completely deteriorated. For example, in 1965 approximately 68,000 cars were built but 76,000 were retired.

The critical shortage of freight cars—which is becoming worse by the moment—is shown by the statistics set forth in the report of the committee on page 5 which reports on studies made in 1950 that indicated 1,935,500 freight cars would be required by 1956 to meet the anticipated needs of shippers. These studies did not even contemplate the tremendous expansion that has taken place in the transportation business of the United States since 1956. In spite of these recognized requirements the number of freight cars as of April 1966 had fallen to 1,480,000 cars, a record low.

This shortage recently became terribly aggravated by certain railroads not even being able to use their own cars. For example, Chairman John W. Bush of the Interstate Commerce Commission reported in March of 1966 that the percent-

age of plain boxcars on line—which is the ratio of cars owned by the railroad plus whatever cars from other lines the railroad had on its line, compared to the total number of boxcars the railroad actually owns—for the Great Northern Railroad was at 54.1 percent and the Northern Pacific at 59.5 percent. In simple terms, this meant that the Great Northern Railroad could only obtain approximately one-half of the cars it had built and placed on its railroad for use by the shippers and communities it serves. The cars owned by these railroads were being held by other lines either in use or awaiting use. For example, the New Haven Railroad had on its line 258.7 percent of its ownership—figures supplied by ICC at the request of the Senate Commerce Committee in March 1966.

How can this be done? Under the present "5A" agreement, a railroad holding another railroad's cars pays only \$2.16 a day as rental for that car if the car is valued below \$1,000, or a maximum of \$12.88 per day for cars worth more than \$35,000. Now these rates may seem inadequate, but prior to January 1, 1964, the railroad holding the cars only paid \$2.88 per day per car regardless of the car's value. Even more difficult is the fact that this was done by a "5A" agreement among the railroads and certain lines have refused to pay even this rate and are still paying \$2.00 per day—Senate Commerce hearings, April 7, 1965, page 22. Obviously it has been cheaper for many railroads to simply take the new cars produced by other railroads and hold them on their lines and pay a minimal rental rather than produce new cars. The same has been true with regard to shippers holding cars and being required to only pay minimal demurrage rates. For example, it was not until March 31, 1966, that Car Service No. 979 was issued by the ICC which raised the demurrage rate from \$5 per day to \$10 per day per car for the first 4 chargeable days.

The bill we are presently considering deals directly with this problem by authorizing the ICC to "give consideration to the national level of ownership" and "to other factors affecting the adequacy of the national freight car supply" in determining the daily rental for freight cars. This legislative grant of authority to the ICC is necessary because the ICC has taken the position that it cannot impose rental charges to stimulate the production of freight cars and the rapid return of cars. The ICC has construed the case of *Palmer v. U.S.*, 73 F. Supp., 63 (1947), to hold that the Commission does not have authority to impose per diem charges that would spur the production and better utilization of freight cars.

The bill presently before us would amend section 1(14)(a) of the Interstate Commerce Act to authorize the Commission to establish per diem charges which would not only include a fair return on value and provide reasonable compensation to the owner, but would also contribute to better car exchange practices and encourage the construction of an adequate national supply of freight cars.

The present effects of the national freight car shortage are being felt most

disastrously at present in sections of the Midwest and far West because of the draining of cars from lines such as the Great Northern and Northern Pacific. It will later be felt in every other section of the country. For example, the Port of Seattle reports that in January of 1966 approximately 12 million bushels of grain requiring 7,000 railroads cars was ready to move to West Coast Tidewater elevators but only 20 percent of this number of freight cars were available. In March of this year I received a telegram from the president of the Western Lumber Marketing Association reporting on lumber mills being closed throughout Oregon, Washington, and Montana. This has already resulted in shortages in lumber in other parts of the United States causing a rise in prices and a slow down in construction. The movement of grain to India has also been critically affected.

This condition which has been acute in the West will spread to all other sections of the nation as the shortage of freight cars continues to grow and the seasonal demands of that section occur.

We must stop the decreasing trend in production of freight cars. The decline of nearly 300,000 cars since 1945 is a staggering blow to the Nation. These 300,000 lost cars if placed end to end would make a solid train from Washington, D.C., to the west coast. The present cars being constructed are larger and more efficient so the high number of 2,500,000 cars in 1926 will probably not be needed immediately, but in order to meet the needs of our expanding economy, large numbers of cars must be built. The Yearbook on Railroad Facts reports 76,000 cars were retired in 1965. The replacement rate was only 68,400. This does not contemplate any expansion. Yet, the plywood industry alone reports that it will require 50 percent more cars in 1970 than it required in 1965.

This bill is a first step in producing more freight cars by making it more attractive for railroads to buy and own their own cars. It will also encourage more expeditious movement of cars.

It may be that additional steps will be required such as the encouragement of speciality shippers to buy and own their own cars. This could perhaps be done by providing incentives through rapid tax write-offs on this equipment. Also we might consider providing these shippers with protection so their present allocations will not be reduced as they provide cars and see that car ownership will receive sufficient rental payments to justify this investment. However, these are possible steps for the future and let us at least enact this bill today and take a step forward which has been recommended annually by the ICC since 1955.

(Mr. ADAMS asked and was given permission to revise and extend his remarks.)

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to my colleague from Washington.

Mr. HICKS. Mr. Chairman, I thank the gentleman for permitting me to share his time.

Mr. Speaker, there can be no doubt that a shortage of freight cars exists. Nor is there any doubt that the shortage is growing more serious every week. Nor is there any question that the effects of this shortage are extremely serious throughout most of the West. I know that the effect on the economy of the congressional district which I am privileged to represent is critical indeed.

Forest products are a mainstay of the economy in my hometown of Tacoma, Wash., and indeed throughout the Northwest. Lumber, plywood, chipboard, fiberboard, paper products—these are among our major products. They are physically bulky. They require considerable space for shipping, and for storage. They may be considered semiperishable, in that if they are stored outdoors for a considerable length of time the weather affects their value adversely. So when a mill has produced a certain amount of its product and that product cannot be shipped to market but must be stored, storage capacity is exhausted. With no products moving to market, collections fall off and the companies, particularly the smaller ones, find themselves under a financial strain.

So the mills close down one by one. Millworkers are laid off, and so are the lumberjacks in the woods and the truckdrivers and all the other people who depend on the mills for their incomes, directly or indirectly. The effects are drastic on a town or an area which depends almost totally on a mill, and there are many such in the Northwest.

And, as has been mentioned by my colleagues, agricultural crops are affected most seriously, particularly during the harvest season which will be starting again soon.

It is our good fortune in the West, Mr. Speaker, to have great resources on our lands. That good fortune has its price, however, in that such resources and products are more bulky than the manufactured goods which are the main products of other sections of the country. This means that we ship out more bulk than we ship in for our own consumption. I believe the ratio is approximately three railroad cars of our products going out for every one that we get back loaded with goods coming into the area for our own use. This is what leads to the freight car shortage in our area.

The situation became so critical during this past winter that the Interstate Commerce Commission took the unprecedented step of issuing an order requiring railroads in the East to return freight cars to several western roads, at the insistence of my State's senior Senator, the Honorable WARREN G. MAGNUSON, and several other Members of Congress including myself.

The root of this unfortunate situation that has developed over the years is the freight car rental system. A carload of plywood, say, is shipped to New York City. It moves a western rail line to perhaps Minneapolis, where it is transferred to another railroad. Since it is impractical to unload the cargo and reload it onto the eastern line's freight car, the roads agree to let it stay in the original car and the eastern road pays a

rental fee for the use of the car. The rental fee is so unrealistically low, Mr. Chairman, that it makes it cheaper to rent freight cars than to own them. So when a freight car wears out, it just is not replaced. This is what has happened through the years, so that the total number of freight cars has declined steadily. It now is at such a low figure that something must be done.

We must have more freight cars. Either the railroads must build them, or the Government will have to step in with some kind of subsidy. This has been suggested, and I hope it remains merely a suggestion and never becomes a necessity. We have enough subsidies eating away our tax dollars now, without adding more.

Not only does the freight car shortage affect the economy of the country, and therefore our basic strength, but if it continues to get progressively worse at the rate it has worsened over the past many years, it inevitably will have an adverse effect on our defense effort. Obviously this cannot be permitted to happen.

The bill which is before us for decision today is part of the answer, Mr. Chairman. It is not the total answer, admittedly. As one of the sponsors of this legislation, I am aware that it will not solve the problem. But it will permit the executive branch to change the freight car rental rate so that it will no longer be cheaper to rent cars than to own them. It will make economically attractive the replacement of wornout cars with new cars. To any claims by the railroads that such action is not necessary, that they will handle the situation and solve the problem themselves, I would reply that they have had all these years to solve the problem and have failed to do so.

I do not believe, Mr. Chairman, that this country can afford not to have this legislation.

My thanks to the gentleman again for yielding to me.

(Mr. HICKS asked and was given permission to revise and extend his remarks.)

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to my colleague from Washington.

Mr. MEEDS. Mr. Chairman, I take this opportunity to commend the gentleman and join in his remarks in support of this bill.

I strongly recommend passage of S. 1098, a bill that can help us alleviate the national freight car shortage. While the legislation before us today is not as strong as many would have desired, it will aid in removing a most hazardous obstacle in the flow of interstate commerce.

S. 1098 is one answer to a very serious question: How can we increase the flow of goods when we lack the necessary freight cars to put these goods into the stream of commerce?

In the United States today there is a daily shortage of 13,000 plain boxcars. In 1926, our total ownership of railroad freight cars stood at 2,427,026. In 1966, our total ownership has dwindled to less

than 1,450,000. At the same time, the surge of our economy is creating a greater demand for freight cars. The plywood industry is a key example. They have estimated that consumer demands will require an additional 10,000 boxcars each year for the next decade. Critical shortages of cars plague many industries and all sections of the United States.

S. 1098 will permit the Interstate Commerce Commission to set "incentive" rental rates on freight cars for which there is a critical need. The present rate structure encourages the carriers to hold cars for long periods of time and to refrain from building new cars. Stimulating the rapid circulation of cars is not the real answer. I agree with ICC Chairman John Bush when he stated recently that:

There is no such thing as equitable distribution in this period of severe car shortage.

Simply put, everyone needs more cars.

In the Pacific Northwest, there is a severe lack of wide-door boxcars. Plywood, for example, is manufactured in large sheets and can be loaded economically only if it is fork lifted into cars with 8-foot doors. Utilization of cars with 6-foot doors is a very expensive process, for the total loading-unloading expense can run as high as \$215 over the normal automatic loading cost.

The shortage of boxcars in the Northwest has become so critical that many mills have had to shut down or lay off employees. Warehouses are bulging with produce, especially forest products. The plywood industry is 50 to 100 cars short each day of the number they need to get their merchandise to markets in the East and other parts of the United States. The demand for plywood is increasing; 90 percent of it is usually shipped by rail; and the supply of cars is steadily diminishing.

It is clear that the present per diem rates only encourage hoarding of freight cars and depress profits of our leading industries. Better circulation of cars will not alone solve this crisis. The Interstate Commerce Commission should have the authority to prescribe incentive rates for badly needed cars. I strongly urge the House to approve S. 1098.

(Mr. MEEDS asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I take this time partly to clear up the record, and to add to it.

Our colleague, the gentleman from Illinois [Mr. SPRINGER], told part of the reason why this bill is before us at this late date.

In the 1st session of the 89th Congress, near the end, the committee reported the bill, but reported it with the understanding that the bill would not come to the floor and that the chairman would not ask for a rule in the first session. During the adjournment, we hoped, the railroads would get together and agree on a per diem rate, as they did before, because the per diem

rate which is in vogue now was the result of an agreement among the railroads and ordered by the ICC.

The last week of the session the then chairman of our committee came to me and said that he understood this bill was agreeable to the Senate; the railroads were releasing their objections and he was going to ask unanimous consent for this bill to be called up on Friday for passage. I said, "Well, if you have an agreement with all of them, why, that is all right." Our chairman announced on the floor that he was going to call the bill up for consideration on the unanimous consent calendar for Friday. The next day I received reports from some railroads that they were not in agreement with the bill. I then went to the chairman and told him that if he called it up, I would have to object to the consideration because it was not in conformity with the terms on which we had voted the bill out. He respected my position and the bill was not called up. At the beginning of this session I went to our chairman and asked that he apply to our Committee on Rules for a rule, because in the interim the railroads had not gotten together and no action had been taken. That is the reason why the bill is coming to us at this time. The bill came out of committee without any negative votes. There may be some members of the committee who were not present when the bill was considered who are not in agreement with the bill, but there were no record votes against the bill when it came out.

I want to be honest with the House and say that I doubt very much if this bill will accomplish what we think it will. I doubt very much if the bill is going to cause very many boxcars to be built. I would be pleasantly surprised if it does, but I doubt that it will. I doubt if the mere raising of the per diem rent is going to produce any more boxcars, but it is worth trying. It is about the only means we have of trying to cure the deficiency. The record shows that we have today a deficiency of approximately 15,000 boxcars to meet the demands of the freight shippers as of today. Some of the roads have ordered a substantial number of new cars to be built this year. Other roads have not. This bill is one which I will vote for and which I am hopeful will produce something. If not, we will have to use another method which is probably more stringent than this bill, because boxcars must be built. There are a number of railroads that have in their ownership enough boxcars to meet the demands of the shippers on their line, but they have been unable to get those boxcars returned to their line to meet the demands of their shippers.

Therefore, we hope that the per diem increase may accomplish this purpose. I commend the bill to the House and hope it is passed. I hope with this action that some new boxcars will be built.

(Mr. YOUNGER asked and was given permission to revise and extend his remarks.)

Mr. STAGGERS. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. REDLIN].

(Mr. REDLIN asked and was given

permission to revise and extend his remarks.)

Mr. REDLIN. Mr. Chairman, I wish to express my appreciation to the Interstate and Foreign Commerce Committee and its distinguished chairman, Mr. STAGGERS, for bringing this important piece of legislation to the floor of the House. I urge the House to support S. 1098 as amended.

The flexibility provided for compensation rates to be paid for the use of freight cars by this bill can help a great deal with the boxcar problem in our Nation. This provision would help assure a more adequate supply of freight cars to meet the needs of all commerce and particularly the movement of grain. This provision should help to encourage a better distribution of freight cars over all the Nation related to the needs of various areas, and particularly to the needs of grain-producing areas such as North Dakota at times of harvest and other times of heavy movement of grain.

This distribution problem was best illustrated by the fact that a major road operating in my State had cars on lines equal to only 54.1 percent of its own ownership just a short time ago this spring.

Mr. SPRINGER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. NELSEN].

(Mr. NELSEN asked and was given permission to revise and extend his remarks.)

Mr. NELSEN. Mr. Chairman, one of the major problems of agriculture in recent years has been the shortage of railroad freight cars. This has seriously affected virtually all segments of agriculture. Small farmers in my district have been badly hurt by the constant, serious shortage of boxcars.

The ominous aspect of these freight car shortages is that they are getting worse, and at a time when our food-for-export programs are increasing in importance.

As you all know, the costly and disruptive effects of freight car shortages are not confined to agriculture, or to any particular area of the Nation. I am sure each Member of Congress has constituents who have felt the sting of this problem.

We now have an opportunity to enact a piece of legislation, S. 1098, that will take an all-important step toward the eventual alleviation of car shortages. Because of economic self-interest, the railroads themselves have not been able to agree upon a solution to the problem.

There has been an intensive effort to cloud the underlying reasons for these car shortages, but the basic cause is one of simple economics.

There are contributing factors, such as the lack of an efficient method of keeping track of and distributing freight cars on a national basis; and because freight cars too often wait long periods of time at ports or elevators for unloading and eventual return to service. These factors, do indeed, contribute to the severity of the national freight car shortage.

But the basic, underlying cause is simply that car ownership is not sufficiently

profitable for many railroads. Like all businesses, railroads have only a certain amount of money to invest each year. Understandably, they invest their money where it will bring the highest return. For many years—perhaps 25, at least—car ownership has not been a sufficiently profitable investment to warrant large outlays by these roads. The daily rental rate each railroad pays for the use of another's cars is established by a sort of gentleman's agreement on the part of all the railroads of the country, who negotiate the rentals through their trade organization, the Association of American Railroads. There is a sharp difference of opinion between railroads as to what the level of car rentals should be.

This difference of opinion is not a result of geography, as some persons would have you believe. Rather, it depends upon whether a railroad unloads more cars on its rails each day than it needs to meet loading requirements, or whether it needs more cars for loading than have just been unloaded. Those railroads who receive more cars than they need want to keep the rental rate as low as possible. Railroads who receive fewer cars than they need for loading want the rate high enough to encourage faster return of cars to their owners, and to provide an incentive for railroads to own enough cars. This is the situation in a nutshell.

Unfortunately, there is no way a railroad can keep all its cars on its own lines. If such were the case—if cars were unloaded at each junction point and the shipments transferred to cars owned by the railroad which would then continue the haul—no doubt we would find every railroad of the country owning enough cars to accommodate all the business that came its way. But transferring loading at junctions is impractical and costly.

Railroad cars are designed for interchangeability: their parts are standardized, as is the gauge of the rails over which they roll. A car loaded on the Pacific coast may travel a dozen railroads on its trip to the east coast. This flexibility is one of the great strengths of American railroading.

But this very strength produces a loophole for certain railroads to economize on their own car ownership, and often on their car maintenance, at the expense of other railroads. Through their voting strength in the Association of American Railroads, these roads have been able to keep the rental rate at an unduly low level. As a result, the investment emphasis of many railroads has been placed on other than freight car equipment. And the national freight car fleet has steadily and alarmingly decreased.

Because freight car ownership has suffered a sharp decline, many industries have also suffered. Car shortages used to be confined only to box cars in certain parts of the country at grain harvest seasons. Such is no longer the case. Today, shortages of almost any type of railroad freight car can occur in almost any part of the country at almost any time of the year. The selfish and shortsighted policy of the car-terminating railroads is coming home to roost. It

has done grave injury not only to agriculture, lumbering and many other industries, but it has been exceedingly costly to the railroads themselves. Millions of dollars of freight revenue have been lost because cars were not available. Often the car-short industries had to find alternate, higher-cost forms of transportation, and these higher costs eventually were passed along to the consumer.

There is little evidence, however, that the car-terminating railroads responsible for the increasing severity of freight car shortages are about to abandon their campaign to keep car rental rates low. The public interest is seemingly overlooked. One of the propaganda efforts is that although the number of cars in the national fleet has admittedly declined, the larger capacities of the new cars, coupled with their allegedly greater utility, has produced no net decline in total transportation capabilities. This is sheer fantasy, and illustrative of the extent to which these roads will go in an attempt to cling to their advantage realized from too-low car rentals.

I do not claim that passage of S. 1098 will prove a cure-all. It will not. But it is absolutely essential to a long-range solution of the freight car problem. It is axiomatic in our American economy that if something becomes profitable, it soon ceases to be scarce. There is no reason to think this philosophy will experience a first-time failure if applied to railroad freight cars.

S. 1098 will designate the Interstate Commerce Commission a tribunal—which we trust will be impartial—between the low-rental and high-rental camps of the railroad industry which historically have been unable to agree on car rental rates. Such inability to resolve issues, with resulting need to seek arbitration by the Interstate Commerce Commission, is not unknown in the railroad industry. It is, in fact, more the rule than the exception.

The terminating lines should no longer be permitted to successfully continue their program of delaying and stalling this legislation. Their requests for "further study" have been granted too many times, to the great disadvantage of millions of Americans. Now is the time to bring common sense to the problem of freight car supply. Without passage of legislation to alleviate the boxcar shortage, I confidently predict we will soon be considering a very costly method of Government acquisition of freight cars. I would vote for such a solution with great reluctance, for it would presage governmental involvement in railroading that should give railroad management pause.

I have been asking for legislation such as the House is considering today for several years, and I would far prefer this method of dealing with the problem than by a massive Government ownership program which may well result if we fail to act.

(Mr. LANGEN (at the request of Mr. NELSEN) was given permission to extend his remarks at this point in the RECORD.)

Mr. LANGEN. Mr. Chairman, it is no secret that the national boxcar shortage

continues unabated in relationship to the growing population and the increasing needs for shipping grains, foods, and other products. It is recognized that some of the railroads have made commendable progress in modernizing and implementing their fleets of cars, but the shortage continues and is now a year-round problem in many areas of the Nation. Unfortunately, the construction of new boxcars is not keeping up with the retirement of old cars, especially in the plain boxcar category, which carries most of the grains and other farm commodities being shipped across the country and into ports for shipment to the food-hungry nations of the world. In other words, our war on hunger, both at home and abroad, is threatened by the boxcar shortage.

While some progress has been made in providing specialized freight cars, the Interstate Commerce Commission informs me that the number of plain boxcars on hand, the work-horses of the car fleet, dropped by almost 30 percent during the last 10 years. We had 190,550 less plain box cars on January 1 of this year than we had on January 1 of 1956.

It was almost 2 years ago when the ICC attempted to alleviate boxcar shortages by responding to my suggestions to reduce the free time during which a boxcar could sit at a port. It was a step in the right direction and recognized the need for moving critically needed cars at the earliest possible moment. I also noted at that time that reducing the free time only affected part of the problem, that the storage charges imposed were so low in many cases that many rail lines were encouraged to hold these cars for additional days. It seemed that charges for using cars owned by other rail lines were so low that the cars were not only being used for storage at ports but some rail lines were actually discouraged from adding to their own fleet of cars.

The Interstate Commerce Commission has been most sympathetic to this problem, and I believe welcomes the passage of the bill before us today, S. 1098, which will provide the ICC with additional authority with which to further regulate certain rates with the purpose of insuring the adequacy of the national railroad freight car supply. I believe this bill will provide an effective tool for the ICC. It is not an immediate and total solution to the boxcar problem, but it is needed in the effort to reverse the trend that has seen the boxcar supply dwindle to a dangerous level.

We in the Midwest perhaps feel the boxcar shortage to as great an extent as any section of the country. Our greatest difficulty still comes during the harvest season, but we experience shortages all of the other months of the year as well. I believe the ICC has made an honest effort to move boxcars into areas of greatest need, such as early this spring when we in the Midwest desperately needed to move our stored grains out of the path of onrushing flood waters. The cars were provided, but as the ICC pointed out at the time, it was a case of moving cars from one critical shortage area to another area of even more critical shortage.

Legislation to correct this problem must do two things: stimulate construction of more new boxcars and speed up the return of present cars to the lines that need them. I believe this bill is a positive step toward accomplishment of both of these objectives.

Mr. Chairman, the growing shortage of boxcars is causing serious financial damage to many industries across the Nation. Over the long term, this shortage threatens to hamstring our ability to meet the needs of our exploding population and threatens the execution of our commitments to other nations of the world. Today we have an opportunity to act in a positive manner toward solving this problem. I respectfully urge favorable consideration of S. 1098, to amend section 1(14) (a) of the Interstate Commerce Act.

Mr. STAGGERS. Mr. Chairman, I yield to the gentleman from Oregon [Mr. ULLMAN].

(Mr. ULLMAN asked and was given permission to revise and extend his remarks.)

Mr. ULLMAN. I want to commend the committee and its chairman for bringing this very important legislation to the floor of the House. The problems created by the national boxcar shortage are particularly acute in the Pacific Northwest, where major shipments of lumber, grain, and other commodities are frequently delayed and scheduled shipments disrupted.

For many years the shortage has affected the region during the grain shipping season, but in recent years it has shifted from a seasonal problem to one of the constant concern by all shippers of bulk commodities.

This chronic shortage can only be solved by improved utilization of existing rolling stock and by bringing new equipment into service at a faster rate than has been accomplished in past years. I believe the enactment of S. 1098 is a positive step toward the achievement of those goals.

Mr. Chairman, I urge the support of the Members of the House for this legislation.

Mr. STAGGERS. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. DUNCAN].

(Mr. DUNCAN of Oregon asked and was given permission to revise and extend his remarks.)

Mr. DUNCAN of Oregon. Mr. Chairman, I am grateful both individually and on behalf of my constituents to the committee, its past chairman, Mr. Harris, and to its present chairman, Mr. STAGGERS, for bringing this bill to the floor.

I cannot urge too strongly approval of S. 1098 by this House.

For too many years the shippers in the State of Oregon—and elsewhere—have struggled to fulfill orders under the most trying conditions of a chronic boxcar shortage.

Seven weeks ago, I stood here and said the situation was assuming the "proportions of national shame." I still believe this to be true.

There have been all sorts of conflicting statements over the years as to the causes for the shortage. Regardless, the

point is that something must be done and done now.

This bill is designed to encourage railroads to acquire their own fleets of cars instead of freeloading on the cars of another railroad. The bill does this by authorizing the Interstate Commerce Commission to give due consideration to a variety of factors in fixing compensation to be paid by one railroad, for example one in the East, for the use of any type of freight car owned by another railroad, for example, one in the West.

The bill takes the handcuffs off the ICC which a Federal district court put on nearly 20 years ago when it ruled in the Palmer case that the specific power of the ICC to fix compensation for daily rental is not coextensive with the power to regulate the use of freight cars.

The shortage—one mainly of supply, but also one of distribution—becomes more aggravated by the year. From a condition of occasional shortage—such as occurs at harvest time—the condition has become a chronic one—occurring in any month, in any year and with respect to any type of freight car. Special orders to relieve specific shortages simply distributed the shortage and moved it from place to place in an uneconomic fashion.

Let us look at the record—Charles Webb of the ICC testified last fall that the carrying capacity of freight cars on class 1 railroads decreased from a total of 91 million tons to 87 million tons between January 1956 and January 1966. In step with this, the number of cars decreased during the same 10-year period from 1,774,614 cars to 1,550,447 cars—a “record low” the report of the House Interstate and Foreign Commerce Committee calls it.

In February of this year, Oregon shippers reported to me that Southern Pacific Railroad was able to furnish only 55 percent of car requirements. About the same time, the Southwest Oregon Shippers' Traffic Association wrote me that customer mills were loading at less than half of normal loadings—approximately 48 percent. Shortages translate themselves into plant shutdowns, with hardship to employer and employee alike, and added storage costs.

The economics of the situation show that the earning value of freight cars generally exceeds per diem charges now running from a little over \$2 a day to slightly more than \$12 a day, depending on the category of car. It is quite apparent, then, that if a railroad can manage to handle its business using cars belonging to other railroads it is encouraged to do so by the per diem system now in force. Also, such a railroad is led to the practice of scrapping its own worn-out box cars but not ordering replacements.

In a time of a rapidly expanding economy, which means an increasing volume of goods and services, it is senseless to tolerate a declining supply of freight cars. Production—without adequate means of transportation—becomes thereby crippled. The losses to individual shippers—and to the national

economy in the aggregate—become substantial.

This bill has broad support from involved Government agencies. The ICC is on record with the House Interstate and Foreign Commerce Committee as stating that enactment of the bill would “overcome the effect of the decision in the Palmer case and would be of substantial assistance to the Commission in its efforts to alleviate the crippling economic effects of freight car shortages.” The Secretary of Agriculture, Orville Freeman, has said the bill “is a step in the right direction.” The office of general counsel of the Commerce Department has endorsed the bill on the grounds there is a need “to provide a more equitable apportionment of railroad car costs.” The Department of the Army last fall expressed the view that the Department of Defense is “vitaly interested in there being an adequate railroad freight car supply in the United States.” And the Office of Emergency Planning, lodged in the Executive office of the President, said the bill will legitimately arm the ICC with authority to “consider freight car supply as a factor in its determination of rental rates.”

Now, this bill is not the complete answer to the shorage in the sense that overnight its passage—will immediately put cars on sidings. It will not. Even with its intended effect, it will take several years before substantial numbers of new cars will be constructed and “on the line.”

There is also a related aspect. We do not have available current information on commodity shipping practices and on-rail car location, movement or availability forecasts. In late March of this year, I was told that rail car data being used at that time was actually data known as of February 1, several weeks earlier. It does not seem possible that a sophisticated transportation system in the world's major industrial nation can operate effectively with such dated data.

Therefore, I urge, along with passage of this bill, that the Federal Government undertake a comprehensive study of our surface commodity transportation systems—to include the possibility of using computer systems to keep track of current rail car locations and destinations.

The squeeze on circulation of box cars will not get better even under a crash program of construction for perhaps 2 years. Thus, we should hesitate no longer, we should pass this legislation.

Those who would argue, as the railroads have sometimes done, that they want no additional regulation of any kind and who therefore have in the past opposed this bill, I would suggest to them that if they think this represents government regulation, they should wait until the demands of the shippers—the shippers in my own area many of whom are top free enterprise people—they should wait until the demands of those people who continue to be plagued by the shortage of cars reach such a crescendo that it will result in the passage

of much more restrictive legislation than this.

Mr. Chairman, I again thank the committee and urge the passage of the bill.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. KEITH].

(Mr. KEITH asked and was given permission to revise and extend his remarks.)

Mr. KEITH. Mr. Chairman, as I have listened to the previous speakers, I have listened in vain for someone to speak for the terminal railroads on the east coast.

I believe that unless some answer is found to the questions as to the impact of this legislation on the eastern roads, we may have to ask that certain amendments be added to the bill at the appropriate time. In preparation for that possibility I should like to ask the chairman if there is any way in which we can guarantee that the penalties or the incentives that would be assessed would in fact result in additional freight cars, or if they would not in effect help the richer roads become richer and the poorer roads to become poorer?

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I yield to the gentleman from West Virginia.

Mr. STAGGERS. That is not the intention.

Mr. KEITH. I realize that is not the intention of the bill. I am in sympathy with the intentions of the bill. But I am concerned that the penalties or the incentives that will be collected may not actually be used for the purpose for which we hope they will be.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield again?

Mr. KEITH. I yield.

Mr. STAGGERS. I might say to the gentleman that this will not be put into practice until there have been full hearings before the Commission and all sides have had an opportunity to argue and present their facts on the question. I am certain that if there is discrimination, we will see it. The committee will keep watch over the situation. This will be done only after each side has had an opportunity.

Mr. KEITH. The Interstate Commerce Commission.

Mr. STAGGERS. That is correct.

Mr. KEITH. Could we not specify in the legislation that the incentive fees that are collected should go for that purpose?

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I will certainly yield to the gentleman from West Virginia.

Mr. STAGGERS. The total amount of the incentive payments envisioned would be a relatively small amount, perhaps in the millions. While the amount is not small, we actually need billions of dollars to supply the cars that are needed in this country. We would not wish anyone to think the investment required is limited to the amount of incentive per diem. The provision to which the gentleman refers is only an incentive.

As you know since you are a member of the committee, the committee in its wisdom tried to do the very best it could under the circumstances after the railroads failed to do their job. I thought it was their job to meet this problem. The chairmen corresponded with them for months in an effort to get them to do something or to come up with some kind of suggestion, which we really did not get. As I said, this will not be put into effect until after complete hearings have been held before the Commission showing the need, and certain groups can be exempted if, in the wisdom of the Commission, such exemptions are needed in the public interest.

Mr. KEITH. Would there be any appeal to the courts from the ruling of the Commission?

Mr. STAGGERS. Certainly.

Mr. KEITH. Would the gentleman answer one additional question. Is there by chance a constitutional question involved in that we are taking property without due process?

Mr. STAGGERS. Mr. Chairman, will the gentleman yield again?

Mr. KEITH. I yield.

Mr. STAGGERS. No constitutional question that I know of is involved, except that there are conflicting opinions between railroads. This legislation is an attempt to resolve some of that conflict and to bring some order out of the chaos that now exists.

Mr. PEPPER. Mr. Chairman, will the gentleman yield to me, apropos of the answer of the gentleman from West Virginia?

Mr. KEITH. I yield to the gentleman from Florida.

Mr. PEPPER. It was my understanding just from the brief hearings in the Rules Committee on this question that the deficiency created by the previous decision rendered by the courts that the Interstate Commerce Commission did not have authority to fix rates and to take these issues into account will be supplied by this legislation. It will be constitutional because there will be statutory authority for it.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. STAGGERS. Mr. Chairman, I should like to inquire of the gentleman from Illinois if he has any other requests for time. I have only one more request on this side.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota [Mr. ANDREWS].

Mr. ANDREWS of North Dakota. Mr. Chairman, I am very happy that the House is today, at long last, considering S. 1098, an amendment to the Interstate Commerce Act designed to insure the adequacy of the national railroad freight car supply.

This bill is essentially identical to H.R. 8950, the bill I introduced on June 10, 1965, to relieve this problem. Hearings were held last year and since that time the already critical freight car supply became virtually intolerable. This legislation is the most important step toward solving one of the most frustrating and irritating problems North Dakota farm-

ers and grain shippers have had to face over the years.

My colleague from Massachusetts just raised the point whether this bill was in conflict with the Constitution. I hardly think so, and I think the chairman will bear out the fact that this bill merely gives an individual railroad a right to charge an equitable rental rate for the equipment which it does in fact own and has in fact invested its own funds in. It certainly is a long step in the right direction.

The shortage of railroad cars necessary to carry the annual harvest to market centers has become more severe every year. Line grain storage points are filled to overflow soon after harvest begins, and farmers have annually faced the disappointing task of dumping their harvest on the ground. Losses result and losses are multiplied simply because sufficient cars are not available to allow shippers to take advantage of market prices.

The seriousness of this situation is best demonstrated by events in my home State since harvest started last fall. A particularly wet fall delayed field work and additional grain was destroyed because sufficient storage space was not available. Grain drying facilities were also plugged because the car shortage prevented orderly transportation of the harvest.

Later in the fall, when the situation was still critical, the Department of Agriculture reacted by compounding the problem. They placed all Government-owned wheat on the market, depressing the market price which many farmers had not yet been able to take advantage of and put further demands on the already critically short supply of railroad cars.

The problem was not localized in North Dakota nor was it just in farm areas. I understand that the great lumber industry of the Northwest was severely crippled, and men were laid off work because of the lack of rail transportation. And the problem goes into the field of national defense, also. Many of the weapons for the struggle in Vietnam must be shipped over these Northern lines, and the shortage of cars adds to the confusion and difficulty of making sure that the supplies our men need in Vietnam arrive in time. Then, too, the Administration has recently embarked on an expanded food-for-peace program. The need for our grain is urgent and immediate if millions of people are to be saved from starvation in India. We have been told of steamers waiting to be loaded in west coast ports, but no grain available. At the same time, grain that had been sold as long ago as last December for delivery to these ports was still, in March, located in elevators and warehouses in the Midwest, unable to be moved to the coast for shipment.

The Interstate Commerce Commission took action, finally, in March by issuing an exclusion order for the two larger railroad lines serving North Dakota and the Northwestern States. This exclusion order is merely a temporary policing action, necessary because this type of legislation is not in effect. Their investiga-

tion revealed that the problem did not occur because these lines failed to own freight cars in sufficient numbers to adequately serve the area, but because per diem rates have been and are so low as to discourage new car building and to encourage railroads in some areas to rent cars of others rather than to buy their own. Because it has been cheaper to rent cars than to build them, the number of freight cars in the country has declined by about 200,000 in the last 10 years.

Daily fees currently charged by railroads range from \$2.16 a day for an old car worth \$1,000 or less up to \$12.18 a day for a \$35,000 auto-rack car. Actually, you can rent a \$15,000 boxcar for less than half the rental that Hertz would charge you for a \$3,500 Chevrolet. By comparing these low fees to the rental charge made by automobile leasing agencies, members can get an indication of how important it is that this amendment be passed.

At the time the Interstate Commerce Commission issued its exclusion order, it was determined that the Great Northern Railroad had only 52.4 percent of its cars on its own lines, and the Northern Pacific had only 60.6 percent.

This exclusion order is serving its purpose and at the present time, I am told, sufficient cars are now available and the problem is being relieved. Too late, of course, to take advantage of the improved grain markets already depressed by Government wheat sales—but in time to clear up available storage for the 1966 harvest.

The exclusion order will be in effect only until May 28 and after that time I have no fear of predicting the car shortage problem will return unless Congress takes appropriate action today.

As I stated at the outset of my remarks, this problem is not new and proposed solutions have received careful consideration over the years. The solution proposed in my bill, H.R. 8950 and in S. 1098 has also received careful consideration and has earned the recommendation of the Interstate and Foreign Commerce Committee. In view of these facts and the needs of our Nation, I urgently request support for this measure, which is of such immediate necessity.

(Mr. ANDREWS of North Dakota asked and was given permission to revise and extend his remarks.)

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I want to join my colleagues in expressing my appreciation to the chairman and members of the Interstate and Foreign Commerce Committee for bringing this bill to the floor today.

The forest products industry, nationwide, moves the great bulk of its production to market by rail. In recent years, this has become increasingly complicated because of a recurring crisis in boxcar supply that is slowly choking off the more remote plants and reaching closer and closer to major marketing centers.

In 1963, when we experienced the worst boxcar crisis in history, there was a

nationwide shortage of 17,000 boxcars per day—every day for weeks. In other words, the shortage was 17,000 the first day, 24,000 the second, and 51,000 the third, and so on.

Things again were tight in 1964, and the Interstate Commerce Commission predicted more problems in 1965—the prediction was borne out—and the situation is no better today.

The reason we have a boxcar shortage is a simple one—there just are not enough boxcars to meet the demands of the shippers. Car supply is at its lowest point since 1900, and, in a period of unprecedented national growth, the supply of boxcars is declining every year.

ICC has been issuing service orders at a rapid rate in an effort to alleviate the problem. But the fact is, these orders can often be effective in meeting a peculiar situation, but they are not designed to solve the overall car shortages.

Why does the lumber industry continue to depend on the railroads for transportation when they are continually faced with problems of inadequate supply of the types of equipment suited to their needs? The answer is that up to now, no other form of transportation is capable of handling the volume at costs as low as railroads provide. Further, some products such as plywood must be shipped under cover to protect them from the elements.

The western lines, shipping lumber from west coast forests, have found that they simply cannot afford to maintain the entire boxcar supply, especially when eastern lines hoard western-owned cars. Anytime an unusual demand is put on car supply—a dock strike, a grain harvest, and so forth—the West finds itself literally crying in the wilderness.

The only solution to this problem we are talking about—the critical shortage of boxcars—is obvious: An increase in the number of available freight cars, especially the workhorse of the fleet, the boxcar. The legislation introduced in the Senate—S. 1098—and in the House—H.R. 7165—and supported by the ICC is designed to do just that: Increase the national supply of boxcars by providing incentive for their construction. These identical bills, sponsored by legislative experts on transportation, have as their purpose “to insure the adequacy of the national freight car supply.” The incentive provided in the bill is that, with increased per diem costs for handling boxcars, some railroads may find it better to build additional cars for their own use.

I would also endorse an amendment which would provide a second incentive. This amendment would exempt from per diem costs, any railroad which has provided enough boxcars to meet its own needs in general commerce and the needs of national defense. I think this amendment would improve the bill, and that, somewhere in the course of action, it will be accepted.

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman.

(Mr. SKUBITZ asked and was given permission to revise and extend his remarks.)

Mr. SKUBITZ. Mr. Chairman, every harvest season for many years the Midwest has suffered financial loss and untold frustration because of the shortage of freight cars needed to transport grain and other crops. The story has been told too often to need repeating. Attempts to correct the situation through industry channels and through the Interstate Commerce Commission have been equally unproductive. There is no absolute certainty about the proper solution, but many people have contended during this period that the amount to be paid for using a freight car owned by another railroad is the key to a practical solution. Frankly, I cannot be sure.

There seems to be logic in the contention that high per diem rates would tend to speed up the turn-around of cars and would at the same time create the incentive to obtain and maintain larger fleets. The railroad industry itself has been hopelessly split in its opinion. Some roads contend that substantially higher rates than now exist would ruin them entirely. Perhaps so.

The Interstate Commerce Commission was set up to handle the detailed matters of railroad regulation. It is perfectly willing to take the responsibility in the matter of per diem. It is, however, hampered by a court decision which restricts its jurisdiction to deciding what per diem will give a compensatory return on investment and it is denied the power to go the next step and decide what rates of per diem might offer incentive to car ownership. The bill before us today merely lifts that restriction and makes it possible for the Interstate Commerce Commission to take that next step. By delaying the effective date to September 1966, it also offers the opportunity for the various elements of the railroad industry to try again to reach agreement.

We are saying to the Commission here, “Go ahead and use your knowledge and experience with railroad matters and work out a just and workable arrangement.” At the same time, the bill does allow for exceptions in the case of groups of roads which cannot meet the general requirement without jeopardizing the overall national interest. The bill also makes what seems to me an unnecessary and obvious limitation upon the authority given to the Commission when it states specifically that incentive rates cannot be used for types of cars which are found to be in adequate supply. I am sure that most of us would have correctly assumed that such a limitation would be observed, but apparently some interested parties felt the necessity to see it in black and white.

I certainly hope that with this new authority given to the Commission and with the obvious invitation to the industry to make one more try at internal agreement we can look forward to a greatly improved freight car situation in the Midwest as soon as next fall.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. BATTIN].

(Mr. BATTIN asked and was given

permission to revise and extend his remarks.)

Mr. BATTIN. Mr. Chairman, I, too, would like to add my congratulations to the committee. I think the manner in which they approached the question deserves specific commendation; that is, to let the railroads under some threat of a bill come up with a necessary remedy to solve the problem which the chairman states is really basically the railroad's problem.

I, for one, not only representing a very large grain-producing area, but also representing a State that has a tremendous lumber industry, received a telegram from one of the sawmill operators, saying he was going to have to close down. He did in fact close down his operation, throwing many people out of work, because they could not get the freight cars to move out the material that had been produced in their mill.

It is interesting, too, that with all that has been said about expanding Government programs, such as food for peace, and the President's recent request for a large amount of grain to be shipped to India, the shipments have been stopped because there were not enough cars in which to move the grain from the point of production to the coast for shipment.

I am sure, as I said to the members of the Rules Committee in testifying on behalf of the rule for this bill, this will not solve the problem. It is, however, a step in the right direction.

I would say to some of the railroads involved—and particularly to those finding it difficult to build cars, that it does not make much sense to me that in February of 1966 a New England railroad was able to control 197 percent of the ownership of cars they actually owned, while at the same time others who have built boxcars and put them on line were not able to control much over 50 percent of their ownership.

I agree with a former speaker in the well of the House. If some feel this bill is bad, I would caution that one of the most disastrous things which could happen would be for the transportation industry, particularly as it relates to railroads, to find itself in a situation where shippers bitterly complain about not being able to move their goods and ask the Congress of the United States to nationalize the railroads. That has been suggested many times before.

All that is needed is for the group that has the responsibility of providing a good rail system to live up to the responsibility. If this does not happen, then we will find the Congress stepping in to do whatever is necessary to alleviate the problem.

I believe the committee has done an outstanding job in bringing the legislation before us. I believe it has set down the pattern of what we must do so far as the country is concerned in looking to the future.

If something is not done, if the problem continues to exist, I fear things will happen which none of us and none of the individuals involved would like to see happen.

It is time we asked the railroad industry, who have provided a great trans-

portation system for this country to continue to do so and to meet their responsibility by anticipating the need and prepare for future expansion.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I am surprised and disturbed at the great contrast between the support the western railroads can mobilize to help them out on their freight car situation, and the complete lack of interest this Congress has shown in helping out our eastern commuter railroads.

I would like to say that I think this Congress should be more concerned with commuters than with boxcars. I am sure that Congress feels it is more important to carry people than wheat or pigs.

Earlier this year, I cosponsored a "commuter service" bill to bring Federal aid to bear on the operating deficits of eastern commuter lines, but unfortunately, pigs and wheat count for more than commuters.

Recently, I introduced further legislation to give railroads a tax break on the money they spend on rights-of-way. I would give them a tax credit instead of tax deductions for the money they spend on local real estate taxes on their rights-of-way. This seems only fair to me. The airlines and trucking concerns get whopping Federal subsidies by virtue of Federal airport and highway programs. The railroads get very little. The eastern commuter lines—the neediest railroads—are not getting a fair shake from the Federal Government. Now that we have showed so much concern about freightcars today, I hope we will take an interest in commuters in the very near future.

Mr. SPRINGER. Mr. Chairman, I yield 3 minutes to the gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Chairman, the critical shortage of railroad boxcars is a national disgrace. There are not enough freight cars in the United States today to supply demand. Despite shortages every year since World War II, total freight car ownership has dropped at a rate of 3 percent a year.

As has been pointed out by previous speakers, there is a good reason why this has happened. It is simply less expensive to railroads to rent boxcars than to build them. The incentive for most railroads to build new boxcars is marginal. Because a new boxcar can be taken over by another railroad whether or not the owner wants to rent it, and because the shortage of cars has become more and more critical, our national economic expansion is being strangled.

S. 1098, Mr. Chairman, will help correct this situation. Once enacted, this legislation hopefully will increase the supply of freight cars. The bill will give the Interstate Commerce Commission clear authority to set incentive car-rental rates wherever there is a clear need to encourage car ownership. The

bill has my complete support and backing.

The legislation before us today, Mr. Chairman, has the support of the Interstate Commerce Commission; the Departments of Agriculture, Commerce, and Defense; the Office of Emergency Planning; and the Bureau of the Budget. It also has the support of 24 railroads owning 40 percent of the Nation's freight cars. It has the support of the lumber and plywood industries and a large number of other interests dependent upon the common boxcar for transporting their products.

For the record, Interstate Commerce Commission Chairman John W. Bush, on March 17 of this year, made a public statement regarding the railroad boxcar shortage. His statement was in preamble to the ICC decision to take certain administrative actions to attempt to alleviate this emergency situation and assist in bringing about a distribution of the total number of cars available over the total area and the total economy of our country. Certain car service orders were issued. These are temporary measures designed to help alleviate the critical situation, but only for a short period of time.

Here is what Chairman Bush had to say about the overall problem:

There is no question but what the shortage of plain railroad boxcars has created a very serious emergency situation in transportation. In past years there have been peak and valley periods in the demand for boxcars. The greatest shortage period was usually reached at grain harvesting time.

This peak and valley situation no longer exists. Although we would now normally be in what we have termed a valley period of demand, the exact opposite situation prevails. There is currently a daily shortage of close to 13,000 plain boxcars, which would have been near the maximum daily shortage of peak periods in previous years.

The critical situation is brought about by a combination of such conditions as the high level of our business economy, large grain harvest, the Food for Peace program, etc. I see no easing of the situation because the normal spring up-turn in business is practically upon us and so is spring planting time for this year's grain crop.

Previous speakers have detailed the serious regional problems occasioned by the boxcar shortage—in shipping of lumber, grains, sugarbeets, fruits, and so forth. But I would only add that passage of S. 1098 should not be considered a regional bill because it is not. It is a bill designed to help solve a national problem. It is for the good of the Nation. It should have the unanimous support of the House of Representatives such as it had the unanimous support of the Senate.

Mr. SPRINGER. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. WYATT].

(Mr. WYATT asked and was given permission to revise and extend his remarks.)

Mr. WYATT. Mr. Chairman, I have battled long and hard for this legislation and recently offered testimony before the Rules Committee on behalf of myself and Gov. Mark O. Hatfield, of Oregon, in strong support of it.

This shortage is something we have

lived with since World War II. Heretofore it has largely been on a seasonal basis. It is presently a chronic problem and exists on a year-round basis.

The genesis of the problem we face today is the rapid disappearance of boxcars coupled with the substantial increase in our commerce.

While it is true that large sums of money are being spent by railroads for new cars at the present time, these new cars are largely for specialty items and have virtually no effect upon the cars which are in short supply. These cars in short supply are rapidly becoming useless because of age and deterioration and are disappearing each year now by the thousands.

The plain fact of the matter is that there is presently no incentive for the average railroad to build new cars which will cost in the neighborhood of \$25,000 when a railroad may in effect rent them on the basis of approximately \$3.58 a day or less.

The bill before the Congress is a step in the right direction. It will not certainly solve the problem and aggressive action must be taken to find a long-range solution to the problem or there will be a complete breakdown of important commerce between our States with disastrous effect upon the economy, certainly, of the Northwest and Oregon in particular.

I urge the prompt passage of this legislation to give the Interstate Commerce Commission discretionary authority to assist in providing incentive for the construction of new boxcars.

There is no hope that the railroads voluntarily will reach a resolution of this problem on their own initiative because of the plain economics of the situation which are so unfavorable.

In our present situation the western railroads are in effect subsidizing the eastern railroads and this bill will permit discretionary authority to help alleviate this situation.

While no full solution of our problem will be achieved, we will be taking affirmative action which will offer some help. We then must devote ourselves to efforts to finally and satisfactorily solve this most desperate situation.

Mr. BERRY. Mr. Chairman, will the gentleman yield?

Mr. WYATT. I am glad to yield to the gentleman from South Dakota.

(Mr. BERRY asked and was given permission to revise and extend his remarks.)

Mr. BERRY. Mr. Chairman, I urge my colleagues to support this legislation which will go a long way toward assisting in the solution of the freight car shortage.

The box car situation is serious and has been for a number of years. It is imperative that relief be granted not only so far as the farmer, but to the lumber industry, the mining industry and every segment of the Middle West.

I can not urge you too strongly to support this legislation for the good of the entire middle west.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. WYATT. I am glad to yield to the gentleman from Washington.

Mr. PELL. Mr. Chairman, in the debate on the rule I have already expressed my support for this legislation, but the gentleman from Oregon [Mr. WYATT], in expressing his appreciation to the committee, reminded me that I had failed to do so. Therefore, I take this opportunity to join with him in thanking the committee for bringing this legislation to the floor of the House.

Mr. WYATT. I thank the gentleman.

Mr. SPRINGER. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. DOLE].

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

Mr. DOLE. Mr. Chairman, I take this time to encourage support of S. 1098. While it is generally conceded that this measure may not solve all the problems with reference to boxcar shortages, it certainly will be of some assistance. Any legislation which will help relieve the chronic shortage problem should be enacted without delay.

The inadequate supply of freight cars places a heavy burden not only on shipment and exports of agricultural commodities, but on domestic commerce generally. It is agreed that the primary cause of this problem is inadequate ownership of rail cars. This bill will give the Interstate Commerce Commission the authority to establish per diem charges to encourage increases in ownership of cars. It does appear to be a step in the right direction and, therefore, in my opinion, the bill should be enacted forthwith.

In the Midwest, we are approaching another harvest season, and already there are rumblings about boxcar shortages. Over the years, there has been an inadequate supply during the harvest season, however, now the problem continues throughout the year. This shortage causes hardship to the farmer, to the elevator operator, to the railroad involved, to the Government, and ultimately to the consumer. In my district, for example, some elevator operators who received loading orders from the Commodity Credit Corporation last fall and winter have had their warehouses removed from the approved list and their licenses to store CCC grains suspended for failure to ship the grain within the 90-day requirement set by the Agricultural Stabilization and Conservation Service. I am satisfied that in most cases removal from the approved list was because of circumstances beyond the control of the operator involved as it is impossible for him to ship the grain when cars are not available. The 90-day requirement should be extended, in my opinion, until such time as an adequate supply of boxcars is available.

In view of reports that the national supply of boxcars is declining sharply each year, it is imperative some type incentive must be offered the railroads to buy additional cars, and to insure an equitable distribution of them. As has been pointed out in hearings on the pending bill, measures taken in the past by the Interstate Commerce Commission to make the greatest possible use of the existing supply through equitable distribution, and maximum utilization have been

helpful, but are becoming less effective as the supply of freight cars continues to decline.

There is great urgency with respect to the passage of this legislation, and while it offers little hope of immediate relief, it will authorize the Commission to prescribe per diem charges which would first, produce a profit for the carrier owner; second, provide incentive for car ownership; third, contribute to sound car service practices; fourth, recognize the value of freight car use; and fifth, encourage acquisition and maintenance of a car supply adequate to the needs of commerce and national defense.

Again, I would say, Mr. Chairman, I believe this is a step in the right direction, and this proposed legislation deserves our support.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time. I reserve the balance of my time.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ROGERS].

(Mr. ROGERS of Texas asked and was given permission to revise and extend his remarks.)

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I am delighted to yield to the distinguished gentlewoman from Oregon.

Mrs. GREEN of Oregon. Mr. Chairman, I thank the gentleman. The very distinguished chairman of the Committee on Interstate and Foreign Commerce, as well as the gentleman from Illinois [Mr. SPRINGER] have very persuasively and adequately pointed out the necessity for this legislation.

Mr. Chairman, I would like to add my support for favorable consideration of S. 1098.

Mr. Chairman, when the boxcar shortage reaches crisis proportions, it creates a great problem in the State of Oregon. Such a shortage often means that the mills close down. When workdays are lost, it means that the economy of Main Street in every town and city is adversely affected.

In these days of increased national output in almost every field, it seems almost incredible that there has been a net loss in the national railroad car supply of 136,281 since 1956. The number of plain boxcars is continuing to drop at the rate of about 2,000 a month.

Mr. Chairman, the gentleman from Illinois [Mr. SPRINGER], earlier quoted some poetry—which appeared in one of the Portland newspapers 50 years ago, which pointed out the shortage of boxcars at that time. I regret it has taken a half century, but I am delighted that this legislation has been brought to the House—legislation designed to alleviate this boxcar shortage, which has been a reoccurring catastrophe for these many years.

Mr. Chairman, I hope we will not have to wait another 50 years to have an adequate number of boxcars with which to take care of the lumber of the State of Oregon, and the other products produced there and in other areas.

No pretense is being made that increasing per diem costs would be an

immediate panacea to the continuing critical national shortage—but it is an important step. Paying only \$3.58 a day rental for a boxcar is not going to inspire any railroad to invest thousands of dollars to construct or acquire one. And the real problem is that this Nation desperately needs more boxcars—but better distribution of existing rolling stock will provide temporary relief.

I urge the adoption of this legislation.

Mr. ROGERS of Texas. Mr. Chairman, I thank the gentlewoman from Oregon.

Mr. Chairman, I want to point out that this boxcar shortage is not something new. When I came to the Congress in 1951 we had had a boxcar shortage for grain shipments for many years out in the panhandle of Texas and that great area where they grow wheat and grain sorghum as well as other areas of the country.

I have watched grain lay on the ground and rot and spoil because there were no cars.

When I first became a member of the Committee on Interstate and Foreign Commerce in 1955 this was a very serious issue and it has become more serious each year because the shortage that was formerly confined to grain shipments and to the harvest of agricultural products has spread to other commodities and to other areas.

As the gentlewoman from Oregon pointed out and as other speakers have pointed out, sawmills have had to be closed simply because they could not get cars.

Just recently the Commodity Credit Corporation has been issuing loading orders and the gentleman from Kansas [Mr. DOLE] brought this point out. They say: You send this grain to the shipping points so it can be shipped to India to help relieve starvation over there.

These people want to ship the grain. They have no desire not to ship it but they cannot get the cars. The Commodity Credit Corporation says, "If you do not ship within a certain time we are going to take you off the approved CCC list and you are not an approved warehouse any more and your license is canceled."

Here is a situation where a fellow has no control over what happens to him and yet he is denied the right to make a living to store commodity credit grain, simply because there are not enough cars available.

They have used cattle cars. They have used slatted cattle cars and put plywood inside of the cars in order to haul wheat. They have done everything they could to get the grain out. They have taken flat cars and they have covered those cars with plastic coverings.

Now these are all the problems and what this Congress needs to do and must do is to find some solution.

During the years we have had hearings on this type of legislation, we have had all kinds of solutions offered. I was amazed at some of the people who are engaged in free enterprise activity coming before the Committee on Interstate and Foreign Commerce and actually recommending that the Government of

the United States buy up boxcars and lend them to the railroads. Others wanted to set up a pool under Government control and put all of the boxcars into that pool and send these boxcars out to the railroads to take care of these shortages. Some wanted the CCC to own boxcars to haul CCC owned agricultural products. Some wanted to nationalize the railroads.

Now we on the committee have weighed all of these different solutions that have been offered and we have come up with what I think is the best possible bill that we can come up with in order to maintain and retain the free enterprise system and permit the railroads to have an opportunity to solve this problem.

The problem must be solved. The American people are most patient but they are not interested in excuses. They want action and they need something to be done to help their economy whether it be in lumber areas of the Northwest or the wheat fields of the Southwest or anyplace else where you have a shortage of boxcars. Something must be done and I think this bill is an excellent beginning in the effort to solve this problem.

Certainly it is not an answer to every problem, but it is a beginning and I think it is a great step forward to try to get this problem solved in the future.

I would hope that an effort will not be made to burden this legislation down with a bunch of amendments because when you go back and look at what the Committee on Interstate and Foreign Commerce has gone through in trying to come up with some kind of solution that would be acceptable across-the-board and make it possible for these railroads to try to solve their own problem, I think you would agree with me that what we ought to do is to pass this bill in the form in which it was reported out of the Committee on Interstate and Foreign Commerce and then let us go to conference with the other body and let us work this matter out so that we can get to moving on toward solving these problems.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. JARMAN].

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. JARMAN. Mr. Chairman, I rise to lend my support to S. 1098, as amended, as legislation necessary if the critical shortage of railroad freight cars and the crippling economic effects that result from these shortages are to be alleviated.

Mr. Chairman, the shortage of railroad freight cars has become almost commonplace on the American transportation scene since World War II. This shortage has come about for two principal reasons: First, because of the failure of some carriers to utilize their existing fleet effectively; and second, because under the current allowable scale of per diem charges for the use of freight cars, some carriers have found it cheaper

to pay a per diem or rental charges than to own cars. Both of these factors have resulted in a lack of sufficient economic incentive on the part of carriers to provide their fair share of an adequate car supply.

The remedy proposed today will restore this incentive. If the committee amendment is enacted, the Interstate Commerce Commission will be empowered to establish charges above the bare cost of ownership and at a level that would make the advantages of owning equipment more attractive, as well as encourage the utilization of the existing fleet of freight cars in a more effective manner.

Mr. Chairman, past efforts of the Interstate Commerce Commission to alleviate the national shortage of freight cars have proved inadequate. Although the Commission has for years issued numerous car service orders and has stepped up demurrage charges in attempts to assure equitable distribution and maximum utilization of freight cars, these orders at best can provide a solution only to the immediate utilization of cars presently in service, and ignore the obvious fact that the number of freight cars in existence today is inadequate to meet the needs of commerce and the national defense.

Illustrative of the problems incurred by this shortage is the situation in my home State of Oklahoma. In the 1965 harvest season, in excess of 20 million bushels of wheat was left on the ground in Oklahoma, due to the fact that sufficient rail transportation was unavailable. The 1966 wheat harvest is due to begin in Oklahoma within the next few weeks, and the railroads have informed Oklahoma wheat producers that there will be a boxcar shortage in the State again this year.

Mr. Chairman, the shortage of railroad freight cars is not a new problem. It has existed for over 20 years. The time is long overdue when something must be done to meet the needs of shippers and of the public and of the country. I urge my colleagues to act favorably on this legislation.

(Mr. SCHISLER (at the request of Mr. STAGGERS) was given permission to extend his remarks at this point in the RECORD.)

Mr. SCHISLER. Mr. Chairman, I support the bill now before us to amend the Interstate Commerce Act to insure the adequacy of the national freight car supply and agree with the committee's judgment that action must be taken to alleviate the shortage of railroad freight cars.

I am hopeful that the present shortage will be alleviated by granting the Interstate Commerce Commission authority to establish a per diem rate for boxcar rentals at such levels as to result in an economic incentive for railroads to acquire an adequate fleet of boxcars to meet the needs of the public in normal times and to assure a reasonable supply in times of emergency.

Illinois, like most other States, has traditionally been plagued by shortages of railroad freight cars. This shortage has worked a great detriment to our

farmers. Today's farming methods hold up incoming shipments of fertilizer and spring planting is delayed. In the fall, the boxcar shortage becomes even more evident. I know of many instances when our farmers in Illinois have been caught at harvest time unable to deliver their grain to market and stranded without adequate storage space.

Shortages have occurred frequently at other times and in areas other than rural areas in Illinois, all having a detrimental effect on our State's economy. Passage of S. 1098 would be a step forward in solving this persistent problem which is affecting so many of our States throughout the Nation.

I feel we have a responsibility to pass this legislation today and I hope my colleagues will join me in supporting the bill so that passage will be assured.

Mrs. HANSEN of Washington. Mr. Chairman, I wish today to join my colleagues in support of Senate bill 1098, proposed by my own colleague in the other body, the distinguished and capable chairman of the Senate Committee on Commerce, who has worked so long and hard on this problem.

I also wish to commend and thank the chairman of the Interstate and Foreign Commerce Committee, HARLEY STAGGERS, for his understanding of this tremendous transportation problem which is before us today and for his courtesy.

This is one of the most vital pieces of legislation, as far as the transportation and trade in my district and my State is concerned, which will be before us this year. I have had more letters supporting this measure than any for many years.

On April 2, 1965, I received a telegram from the president of the ILWU Local 21, Port of Longview, requesting "all possible assistance to obtain badly needed railroad cars." This request I forwarded to the Interstate Commerce Commission who replied by letter of April 6, with the following statement:

The ownership of plain boxcars as of January 1, 1962, was 609,487. As of January 1, 1965, the ownership was 508,713, a loss of 100,774 plain boxcars. Currently the boxcar shortage is critical in all areas of the country. The latest reported average daily shortage is 5,392 cars.

There are many factors which have aggravated the current car situation. The floods of December 1964 and January 1965 along the west coast caused much damage both to industry and the railroads. It will take many more months before all of the right-of-way damage can be repaired. The unusual circumstances of having a lengthy work stoppage at the Atlantic and the gulf ports, which immobilized thousands of cars, plus severe weather conditions, which disrupted train operations as well as switching operations in many terminals, played a major role in the present situation. It is believed that the traffic pattern has been so disrupted that it will take some time to return to normal.

There is a backlog of grain to be moved not only for export but from country to terminal elevators. For the next sixty days the carriers will be hard pressed to furnish the desired railroad equipment to move this backlog of grain. The winter wheat harvest begins in Texas shortly after the middle of May, and the demands for cars will continue to grow. The lumber interests in the Pacific Northwest have been complaining bit-

terly about insufficient boxcars to meet their requirements.

I have extensive additional correspondence from my district. The Washington Public Ports Association says in a letter of March 21 of this year:

We strongly endorse S. B. 1098 and hope that it will be approved to provide a long-range solution to the boxcar shortage problem.

The National Forest Products Association is strongly supporting S. 1098, and the Utilities and Transportation Commission of the State of Washington has repeatedly urged passage of this bill. Farm implement distributors have recommended the passage of this bill.

Since my district is a shipper of wheat and a shipper of lumber and because it is a district that does not depend upon defense contracts, but upon the economy of its own natural resources and commerce, I am urging on behalf of its continued economic well-being that Senate bill 1098 be passed today.

And again, I wish to express my deepest appreciation to the chairman of the Interstate and Foreign Commerce Committee for his assistance.

Mr. OLSEN of Montana. Mr. Chairman, this body is today dealing with a situation which has been termed a national crisis. The freight car bill was passed by the other body of this Congress without opposition if I recall correctly, on June the 30th of last year. Until that time, this crisis had been building up for many years. Certain railroads found they had too few cars to meet the demand of their customers. Investigations showed that too few new cars were being produced each year. We were also informed that car usage was very inefficient. Some railroads took what steps they could; some modernized and increased their efficiency. Others, altogether too many others, tried to ignore the building crisis. These railroads were continually receiving cars from other lines—they found it very easy and cheap to use the cars owned by other lines while paying a ridiculously low per diem rate on very expensive boxcars. Railroads, such as the Northern Pacific, Great Northern, and Milwaukee which run through Montana, were continually losing more cars than they could afford to build. The industry itself was so divided that it was unable to deal with the situation through its own organization. Some roads were profiting so greatly from the status quo and others were losing so heavily that the entire industry was hamstrung. The Nation was losing 20,000 boxcars per year.

So the Congress has begun to take action. In the beginning it was to save the industry—or rather to save those parts of the industry which were unable to rectify the situation alone. Of course, complaints were heard from various shipping customers that something must be done quickly or a great shortage would occur which would have national implications. These farsighted people drew our attention to the obvious fact that the industry was unable to act and that it will continue to be unable to act

until some economic stimulation is given it to return these borrowed cars, to begin an expanded boxcar construction program, and to continue full speed with its modernization program.

Well, the words of these wise people did not sink in. Some continued to state that the industry should solve its own problems. Others maintained that the Interstate Commerce Commission had the power to deal with the shortage. Both groups were quickly proven wrong.

Last winter this came to a head. First, we heard from the lumber people; in quick succession we heard from ranchers and farmers. The chorus grew. I received telegrams and letters from paper companies, merchants, bankers, automobile and farm equipment dealers, mining interests, exporters, and ocean shippers; all manner of commercial interests were losing money and sales. Crops began to build up in the warehouses. Deliveries could not be made, contracts were in danger of being canceled. All because of this boxcar shortage which we today have the opportunity to alleviate.

The ICC than slowly began to act. They issued boxcar orders and directives. They warned the industry that violators would be prosecuted. And yet, that all-important economic stimulus was lacking—no change was made in the per diem rates. The ICC questioned whether it had this power; another reason we must pass this bill today.

The crisis continued. On March 14 I was informed that the St. Regis Lumber Co. in the northwest part of my State would be forced to shut down because of the complete absence of any railroad boxcars. This company's supply, along with the supplies of the many other shippers in this area, had been dwindling, with seasonal fluctuations, for several years. This shutdown, just 2 months ago, threw 1,386 men out of work. I was quickly notified that other small plants were in the same position. The situation had become intolerable. When men are thrown out of work like this, each and every one of us here in this Congress knows that somehow we have failed, somehow we have not pressed our point hard enough, somehow we have not impressed this stubborn industry or the tardy regulatory agency with the seriousness of the crisis. Unemployment is the one fact of life that will permit no excuses. In my mind, the crisis had become a national disaster.

Finally the ICC moved. Looking fearfully over its shoulder at the powerful Eastern railroads, the Commission issued special orders to have cars delivered to this area where unemployment was rearing its ugly head. But this affected only the lumber concerns in one section of the crisis area, and the shortage continued to grow, particularly in the wheat areas. On March 15 and 16, one of the best prepared pieces of lobbying, and I use that term in its finest connotation, was conducted by a small delegation from the Northwest States representing every segment of the grain industry. Several Members of both Houses of this Congress called in the Chairman of the

Interstate Commerce Commission to hear these petitioners. The Commission met and issued an exclusion order, temporarily solving the shortrun crisis.

Today this body has the opportunity to take the first step toward solving the longrun difficulty. If we do not take this step, this shortage could easily become a seasonal disaster. Just like the monsoons in the Far East, each year we will have to brace ourselves for the loss of income and the unemployment which will most certainly occur. I must emphasize that this is only the first step. The danger that faces us is so great and so obvious that a Member of the other House, who is well known for his opposition to Federal intervention in any sphere of private industry, suggested that the Government might have to run the industry itself if the railroads did not fix their own wagon and do so quickly. Today we are being gentle with the industry. We are taking a small step by giving the Interstate Commerce Commission the power to raise the per diem rates. I hope that they are not hesitant in using this carrot to induce the railroads to return boxcars to the owners. If this solution is found to be too weak or unworkable, other stronger action will be proposed.

The Commission realizes the seriousness of this boxcar shortage. I believe they will use the tool which we can give them if we pass this bill today. The implications for national defense and economic health are too overriding for this body to ignore any longer. The point of the moment is that we must act, and we must act today.

Mr. SHRIVER. Mr. Chairman, I support passage of S. 1098 which provides an opportunity to alleviate a serious and chronic national freight car shortage.

The purpose of this legislation is to grant the Interstate Commerce Commission authority to prescribe per diem charges for the use of railroad freight cars on a basis that will encourage railroads having a deficit in car ownership to acquire and maintain their proportional share of freight cars required to meet the needs of commerce and the national defense.

This bill will give the ICC authorization to fix car rental rates so as to encourage the prompt return of freight cars and encourage the purchase of new cars so our national car fleet can meet the demands of the economy.

In a few weeks the wheat harvest will begin in Texas; it will move into Oklahoma; and shortly, thereafter, into my State of Kansas. Now we have no water transportation in Kansas and so we must rely on railroads and trucks to move the grain. Almost without exception every country elevator is located upon a railroad right-of-way.

A few days ago I discussed with ICC car service staff members the present freight car situation even before harvest begins. It is clear that this shortage no longer is confined to the harvest months. It is a national problem. There has not been a day this year that a shortage of cars has not been reported. It has been as high as 13,000 cars short a day.

As of a week ago, the ICC reports indicated that we were 9,200 cars short daily. Another report will be released on Friday, May 13.

We are going to enter the harvest period this year with a shortage which can only grow worse. Farmers and elevator operators are concerned that grain will have to go on the ground.

It is likely that we will see the soybean and corn harvest begin in September and October and the wheat still will not have been completely moved.

The Commodity Credit Corporation continues to issue relocation orders for shipment of grain under the food-for-peace program to port areas.

For many years we have seen efforts to resolve this serious problem on a voluntary basis. I know that many Members of Congress, including myself, have worked closely with the railroads, the Interstate Commerce Commission, and other interested organizations in the hope that the problems could be resolved. It is apparent, however, that a legislative remedy is necessary.

This bill, S. 1098, will help alleviate this recurring national shortage of railroad freight cars. It also presents a further opportunity for the railroads to work out this problem on their own.

Mr. STAGGERS. Mr. Chairman, I have no further requests for time.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1(14) (a) of the Interstate Commerce Act is amended by adding at the end thereof a new sentence reading as follows: "In fixing the compensation to be paid for the use of freight cars, the Commission shall give consideration to the level of freight car ownership and to other factors affecting the adequacy of the national freight car supply and shall, on the basis of such consideration, determine whether compensation should be computed on the basis of elements of ownership expense involved in owning and maintaining freight cars, including a fair return on value (which return shall be fixed at such level as in the Commission's judgment will encourage the acquisition and maintenance of an adequate freight car fleet), or should be computed on the basis of elements reflecting the value of use of freight cars, or upon such other basis or combination of bases as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices, and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. In the consideration of any element included in determinations pursuant to this paragraph as an incentive to car acquisition and maintenance the Commission is empowered to make such element, or any part thereof, inapplicable: (1) to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; (2) to carriers which terminate a substantially higher percentage of interline traffic than they originate; (3) to types of freight cars the supply of which the Commission finds to be adequate; and (4) to such other cases or circumstances as the Commission finds to be in the public interest."

Mr. STAGGERS (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, and that the bill be printed in the RECORD and be open for amendment at any point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

That section 1(14) (a) of the Interstate Commerce Act is amended by adding at the end thereof the following: "In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

SEC. 2. Any compensation fixed pursuant to the amendment made to the Interstate Commerce Act by the first section of this Act shall not take effect before September 1, 1966.

Mr. YOUNGER (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD and be open for amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

AMENDMENT OFFERED BY MR. KORNEGAY

Mr. KORNEGAY. Mr. Chairman, I offer an amendment.

CALL OF THE HOUSE

Mr. JONAS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-six Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 96]

Abblitt	Carter	Dowdy
Abernethy	Chelf	Edwards, Ala.
Ashbrook	Clevenger	Flood
Aspinall	Corbett	Fogarty
Baring	Corman	Fraser
Bingham	Craley	Griffin
Bolton	Dawson	Halleck
Brademas	de la Graza	Hansen, Idaho
Brown, Calif.	Dent	Harvey, Ind.
Burleson	Dickinson	Hays
Cahill	Diggs	Helstoski
Callaway	Dow	Henderson

Herlong	Monagan	Scheuer
Holland	Moorhead	Scott
Howard	Morse	Senner
Hutchinson	Moshier	Shriver
Jacobs	Moss	Stafford
Johnson, Pa.	Murray	Sullivan
Jones, Ala.	Nix	Thompson, N.J.
Jones, Mo.	Olsen, Mont.	Todd
Kelly	Poage	Toll
King, Utah	Powell	Tupper
McCulloch	Pucinski	Vivian
McDade	Quillen	Watkins
McEwen	Race	Watson
McVicker	Resnick	White, Idaho
Maillard	Rodno	Whitten
Mathias	Roncallo	Williams
Michel	Rooney, N.Y.	Willis
Mink	Rosenthal	
Minshall	Rumsfeld	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HULL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, S. 1098, and finding itself without a quorum, he had directed the roll to be called when 339 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

AMENDMENT OFFERED BY MR. KORNEGAY

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from North Carolina [Mr. KORNEGAY].

The Clerk read as follows:

Amendment offered by Mr. KORNEGAY: Amend by adding after the words "to be paid by" in line 24, page 3, the words "and payable to", so that the last sentence of section 1 of the reported bill will read as follows:

"The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by and payable to any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. KORNEGAY].

(Mr. KORNEGAY asked and was given permission to revise and extend his remarks.)

Mr. KORNEGAY. Mr. Chairman, at the outset I would like to say with reference to my amendment that it was not brought up nor was it discussed, nor was it considered during the committee's deliberation on this bill.

It was only after the bill was reported out of the committee that this question came to the attention of several Members of the House.

I offer this amendment so as to remove an inequity which is plain on the face of the bill and which could work a substantial injustice upon the railroads in my section of the country and perhaps elsewhere.

The last sentence of section 1 of the committee version, unless amended, will permit a great discrimination.

Addition of the words "and payable to" after the words "to be paid by" in the last sentence of section 1 of S. 1098, as amended by the House committee, would have the effect of making per diem reciprocal, so that railroad A, for example, would have to pay railroad B at the same rate as railroad B pays railroad A.

Without this addition, the Commission could use the per diem rate as a means of taking money from one road and giving it to another, even where both roads had the same number of cars and used each other's cars to the same extent.

This could happen unintentionally. For example, the Commission could establish a per diem rate that included an incentive element, and then exempt eastern roads from the incentive element. A western road that seldom used eastern cars would be in about the same position—relatively to eastern roads—as if there were no incentive element, but a southern road that had an even interchange of cars with an eastern road would find that instead of the per diem payments and receipts balancing, there would be a net payment in favor of the eastern road. Considering the number of cars involved, a nonreciprocal element of only a dollar or two per car could easily cost southern roads millions of dollars per year.

I propose simply that if the Commission should exempt a carrier or a group of carriers from the obligation to pay the incentive element or elements, such exempted carrier or group of carriers also will not be entitled to receive payment of the incentive element or elements set by the Commission. My amendment will take care of this and will prevent an injustice which otherwise will result.

Mr. FRIEDEL. Mr. Chairman, I move to strike the last word.

I wish to compliment the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from West Virginia [Mr. STAGGERS], for his fairness, understanding, and the cooperation of the entire committee, because we have been working on this type of bill for about 5 or 6 years. Personally, I do not believe that we will correct the problem by legislation. However, I think the Kornegay amendment is very much needed. It is a very fair and simple amendment.

For example, if railroad A is exempted under this bill, and they have 10 freight cars belonging to railroad B they do not have to pay one penny for holding these cars for an excessive length of time.

But if railroad B has 10 cars belonging to railroad A, they have to pay the holding charge. In other words, A will collect under this bill, but they do not have to pay. That is how simple this amendment is. It is to make it clear and simple, that if a railroad is not obligated to pay the charges provided in this bill, then they cannot collect any such charges from any other railroad.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman.

Mr. YATES. Mr. Chairman, will the gentleman explain it again?

Mr. FRIEDEL. Mr. Chairman, if railroad A has 10 cars belonging to railroad B, and railroad A is exempt under this bill, it does not have to pay one penny to railroad B. On the other hand, if railroad B has 10 cars on railroad A, it has to pay railroad A, although it cannot collect from that railroad.

Mr. SHIPLEY. Mr. Chairman, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman.

Mr. SHIPLEY. Mr. Chairman, in fact, does not this amendment simply state, or make it possible, that all railroads will be treated fairly and equitably as far as the per diem is concerned?

It goes further, I would say, with the amendment to this bill. It would keep the ICC from showing preference to one railroad over another under certain financial difficulties they may have.

I associate myself with the gentleman, and I will vote for the Kornegay amendment.

Mr. FRIEDEL. It is a very good amendment, and I hope it will be adopted.

Mr. STAGGERS. Mr. Chairman, I rise in opposition to the amendment.

At this time I read part of a letter which I have from the Interstate Commerce Commission in reply to this very question:

This is in response to your request for the Commission's views on the effect of a suggested amendment to S. 1098, an act "to insure the adequacy of the national railroad freight car supply."

The letter then gives the amendment, as given by our colleague from North Carolina on the floor today. This is the reply from the Commission:

In our judgment, the proposed amendment might well tend to defeat the purpose of the bill: to encourage the production of more freight cars and to improve car utilization. Under the measure reported by your Committee, the Commission would be authorized to exempt from the compensation to be paid by any group of carriers the incentive element if the Commission finds such exemption to be in the national interest. The amendment, however, appears to provide that any group of carriers so exempted by the Commission from paying an incentive element would also be precluded from receiving an incentive element. In effect, therefore, every exempted carrier would be completely removed from the purview of S. 1098.

Until we have had an opportunity to hold hearings under S. 1098, the Commission will not be in a position to determine whether a carrier made exempt from paying the incentive element should also be precluded from receiving it. Valid reasons may warrant a carrier being made exempt from paying an incentive element and yet remain entitled to receive an incentive element for its own cars. This may be because of the carrier's contribution to the freight car fleet, the type carrier involved, or other considerations which may be developed during the hearings.

We also observe that the incentive element is intended not only to encourage carriers owning an inadequate supply of cars to build more cars, but also to provide those carriers owning an adequate supply a sufficient return to encourage them to continue to build more cars. Under the suggested proposed amendment, however, it would appear that a carrier exempted from paying the incentive element because it has an adequate supply of cars, would also be precluded from receiving the incentive element necessary to encourage it to contribute to the freight car supply.

Sincerely yours,

WILLIAM H. TUCKER,
Acting Chairman, Committee on Legislation.

I think this is a sufficient answer to the amendment. It would certainly subvert

the intent of this bill. I hope the committee will vote it down.

[Mr. SPRINGER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. NELSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from New York.

Mr. FARBSTEIN. I have not heard any statement made with relation to those freight cars which are hired, rather than owned by particular railroads. There are several companies in the business of renting these cars. What happens in those instances? All I have heard about, as I said a moment ago, are the various railroads which own freight cars.

Can some one enlighten me with respect to that statement?

Mr. NELSEN. Mr. Chairman, I will make my statement, and perhaps the chairman of the committee will wish to answer the question.

Mr. Chairman, I rise to point out that in the long, long hearings we have had on this bill the proposed amendment today to my knowledge has not been discussed. It may be a good one, yet I must frankly say I would not feel I would know what I was doing in voting on the amendment.

If the amendment has so much merit, I fail to understand why it should have not been considered in the committee, with more discussion at an earlier time. I feel it is a mistake to bring the amendment to the floor at this point. I have not been thoroughly advised of it.

I am now told that some people have been around to talk to some other people. I do not know who they are. I do not know what the explanation has been. I believe I should know.

I believe our committee should have reviewed it, if the amendment merits attention at this time.

Mr. ADAMS. Mr. Chairman, I rise in opposition to the amendment.

I believe the committee, in this bill, has attempted to give to the ICC a period of time to study this proposal. Incidentally, the bill will not go into effect until September 1, 1966. The bill will give both the Commission and the railroads a period of time to work on these problems.

It may well be that there is some merit to the amendment. At the present time, and certainly on the floor at this late hour, we cannot begin to determine the effects.

For example, it has been mentioned that railroad A and railroad B exchange cars. If railroad C and railroad D also exchange cars, and all the cars are going back and forth through the systems, and we begin to exempt one group and tie the hands of the ICC as to dealing with the total problem, there could be large pools of cars completely tied up so far as the ICC regulation is concerned.

As the gentleman from New York mentioned, in terms of the cars owned by other than railroads, this would "crank in" another factor.

The result, Mr. Chairman, is that this could become a great deterrent to the whole purpose of the bill, which is to provide an incentive for the various railroads to construct cars. This is not a case of simply having another exemption but one where one exemption would automatically partially exempt a second railroad.

I might ask, what would happen, if the second road were exempted to its relationship with a third road?

I rise in opposition to the amendment of the gentleman from North Carolina.

Mr. JONAS. Mr. Chairman, I move to strike the requisite number of words.

I invite the attention of my colleague from North Carolina [Mr. KORNEGAY]. I should like to ask him a question about his amendment.

Before I do so, I must say with all due respect to the Interstate Commerce Commission that the arguments outlined in the letter read by the distinguished gentleman from West Virginia do not impress me for this reason: I think that the legislation as it now is, without the Kornegay amendment, is self-defeating if the objective is to induce railroads to buy more freight cars. I am asking my colleague to check me on this to see if I correctly interpret his amendment and understand it. Of course, if I do, I am for it. If I have misunderstood his amendment, then I will back off from supporting it. However, as I understand the amendment, it would provide that if a railroad is granted an exemption from paying this surcharge—granted that exemption by the Interstate Commerce Commission and therefore is permitted to hold cars of another railroad company at length and merely pay the regular rental—it can not then collect surcharges on its own cars that another railroad is retaining.

Mr. KORNEGAY. The gentleman is exactly correct.

Mr. JONAS. And your amendment would merely say that a railroad A, B, C, X, Y, or Z, or whatever letter you want to give it, cannot have it both ways.

Mr. KORNEGAY. That is exactly right.

Mr. JONAS. If it wants to collect the surcharge on its own cars, then it would have to pay the surcharge on cars it holds. What could be more fair than that? As the gentleman from North Carolina said in his opening remarks, if you leave it the way the committee bill is, there will be an incentive to railroad X, which does not own many cars, to use other railroads' cars and pay the daily rate without buying cars itself. Therefore, you will not reach the very problem that this bill seeks to attack, which is to encourage railroad companies to buy cars.

Mr. KORNEGAY. That is exactly right. It appears to me to be a large loophole in the bill.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I will be glad to yield to the gentleman.

Mr. WHITENER. I would like to ask my colleague, the gentleman from North Carolina [Mr. KORNEGAY], a question. There has been a great deal of dust

thrown around about railroad C, but as I understand your amendment, it merely says if one group of carriers is given the right to collect the incentive element, then that group of carriers must pay the same amount if they are withholding freight cars. I do not see where this group C our friend from Washington mentioned comes into the picture.

Mr. KORNEGAY. No. I do not see that, either.

Mr. WHITENER. And there is this other speck of dust, if the gentlemen will yield further, about privately owned cars owned by companies who are in the car rental business. This would not enter into the picture, because that type of ownership of cars does not bring the individual or the group which owns them into the term "group of carriers." So you are dealing here between groups of carriers, one group with another group, and not between privately owned or non-carrier owned cars. You are merely trying to bring about a situation of equity which would encourage rather than discourage railroads to build freight cars and not to do what the Interstate Commerce Commission said would happen in the letter to the chairman of the committee.

Mr. KORNEGAY. That is right.

Mr. WHITENER. Thank you.

Mr. JONAS. I wish to thank the gentleman from North Carolina for clearing up what I think was a misunderstanding about what your amendment would do. In view of the explanation, I frankly cannot see why anybody would oppose the amendment, because, as you correctly characterize it, it is a "fairness" amendment and simply provides one railroad or group of railroads cannot have it both ways. If it collects the incentive payment for use of its own cars by another road, it ought to pay a similar charge for cars it uses belonging to another road.

Mr. KORNEGAY. I thank the gentleman very much.

Mr. KEITH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in the Senate version of this bill, it provides on page 2, at line 15:

In the consideration of any element included in determinations pursuant to this paragraph as an incentive to car acquisition and maintenance the Commission is empowered to make such element, or any part thereof, inapplicable: (1) to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; (2) to carriers which terminate a substantially higher percentage of interline traffic than they originate; (3) to types of freight cars the supply of which the Commission finds to be adequate; and (4) to such other cases or circumstances as the Commission finds to be in the public interest."

Mr. Chairman, it would appear to me that the Senate bill comes closer to accomplishing the objectives of the gentleman from North Carolina than those provisions contained in the House bill.

Mr. Chairman, I would like to either have the gentleman from North Carolina [Mr. KORNEGAY], or the chairman of the full committee speak to the differences between the two bills in this respect.

Would the chairman outline the effectiveness of the House version as con-

trasted with the version of the other body in attacking the problem to which the gentleman from North Carolina [Mr. KORNEGAY], has spoken?

Mr. STAGGERS. Mr. Chairman, if the gentleman will yield, I do not quite understand the gentleman's question. If the gentleman will repeat the question, I shall appreciate it.

Mr. KEITH. The Senate version makes it appropriate to take into consideration the objectives sought by the amendment which has been offered by the gentleman from North Carolina [Mr. KORNEGAY], as I understand it. If the Kornegay amendment is defeated and if the interests of other railroads, particularly those terminating on the east coast—they are the ones who stand to lose most heavily in this respect—I would hope that when we go to conference the conferees on the part of the House would be ready to accept, perhaps, the Senate version.

Mr. STAGGERS. Mr. Chairman, if the gentleman will yield further, I might say to my colleague that he knows that if this bill passes the House and goes to conference, the chairman will be accompanied by the ranking member and other members on that side of the aisle as well as on this side of the aisle. I am only one member. We shall try to work out these problems in conference. However, I could not assure the gentleman or promise him in any way what will take place in that conference. I shall always try to carry out the wishes and the intent of this House as long as I am the chairman of this committee, when we go to conference.

Mr. KEITH. I understand that, Mr. Chairman, I want to congratulate you upon bringing this bill to the floor of the House in an attempt to solve this problem. But it does appear to me that we should be acquainted with the differences in philosophy as between the Senate and the House versions, and I would like to have the gentleman's comment on that.

Mr. STAGGERS. Mr. Chairman, if the gentleman will yield further, I might say that all this does to the House version is just sharpens up the objectives and aims as to what the legislation is intended to accomplish and brings it into focus a little bit more. It does give to the ICC the opportunity, after hearings, to exempt certain railroads. This is intended for railroads in the gentleman's area, as the gentleman knows.

Mr. KEITH. The Senate version, it would appear to me, is preferable to the east coast railroads.

Mr. STAGGERS. I might say to the gentleman that this was considered in the committee and it was the will of the committee that our amendments be adopted. The legislation came out of the committee with the support of the full committee. I would say to the gentleman from Massachusetts that I believe the will of the committee was worked. Certainly, when we go to conference, that will be a different story.

Mr. KEITH. I hope there will not be more of the same, Mr. Chairman.

Mr. KORNEGAY. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I yield to the gentleman.

Mr. KORNEGAY. I think the gentleman has brought up an important point in connection with going to conference. I just want to impress upon the House this fact—if my amendment is not carried by the House, it cannot be considered in the conference. If it is adopted here, of course, it can be and will be considered by the conference. If as some say, it is not a good amendment, then it can be eliminated there. But unless it does carry here, we have no hope of further consideration of it. I think this is a good amendment.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. STAGGERS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in not to exceed 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, my very able and distinguished friend, the gentleman from Massachusetts, just referred to the fact that the eastern railroads might lose by this legislation—or at least that was the implication that I got. I think that implication was very unfortunate. Earlier this afternoon during the consideration of the rule, I pointed out that one company alone had indicated they were short 1,000 cars and that they had diverted their products to the extent of 800 carloads to trucks or steamship lines and other means of transportation in order to try to alleviate the situation. Railroads should have had this business.

The fact is that the western railroads and the eastern railroads and all transportation by railroads will benefit greatly by this bill because we will get more cars and there will be more carloads of products shipped from coast to coast so that the eastern and western railroads alike will benefit by this bill.

[Mr. OLSON of Minnesota addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. KEITH. Mr. Chairman, the purpose of my asking for additional time was to enable me to point out to the House that, in my view, the Senate bill is preferable to the House version.

My view is that it is only equitable to protect the railroads that qualify under the exceptions provided in the Senate version.

The Senate version states that it, the penalty, will be inapplicable first, to carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; second, to carriers which terminate a substantially higher percentage of interline traffic than they originate; third, to types of freight cars the supply of which the Commission finds to be adequate; and fourth, to such other cases

or circumstances as the Commission finds to be in the public interest.

I think that those provisions are in the public interest, and I hope that in the final analysis the bill will reflect more clearly the Senate philosophy than that of the House.

The CHAIRMAN. The gentleman from North Carolina [Mr. WHITENER] is recognized for 1½ minutes.

Mr. WHITENER. Mr. Chairman, I appreciate so much the interest that the committee, under the leadership of the gentleman from West Virginia [Mr. STAGGERS] has given to this very critical problem of an adequate supply of boxcars in this country. This is one of the great problems confronting industry in our area in recent days. I am told by the Chairman of the Interstate Commerce Commission that the same is true throughout the Nation.

It seems to me that the amendment offered by the gentleman from North Carolina [Mr. KORNEGAY] is merely an amendment to bring about equity in the treatment of railroads in the handling of the payment of charges for the use of freight cars. Certainly the Commission should be required by law to see that a railroad necessarily or unnecessarily keeping a car of another line for an undue length of time has to pay to that line on the same basis that the line which owned the car would have to pay to the other line in the event of its withholding the car from use. It is mere equity and fair play, and I certainly hope that the amendment of my friend will be approved by the committee.

The CHAIRMAN. The gentleman from North Carolina [Mr. FOUNTAIN] is recognized for 1½ minutes.

Mr. FOUNTAIN. Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague, the gentleman from North Carolina [Mr. KORNEGAY]. I feel somewhat as does the gentleman from California [Mr. YOUNGER]. I have serious doubts that this legislation will accomplish the purpose for which it is designed. But if this bill is going to pass, it seems to me that the amendment offered by Mr. KORNEGAY is a fair amendment. It is an equitable one.

It is hard for me to appreciate the fact that one could be exempt from paying, and yet have the privilege of charging others.

At this point I yield to the gentleman from North Carolina [Mr. KORNEGAY] for any further comments he wishes to make.

Mr. KORNEGAY. I thank the gentleman a great deal for yielding the balance of his time to me.

Mr. Chairman, I simply wish to reiterate that the only purpose of my amendment, and the only reason I offered it, was to try to correct what appears to me to be an oversight in this bill. We had short hearings on the bill. The entire section was voted on, as I recall, unanimously in the committee. It was only after the bill got out of the committee that it really got a great deal of public attention, and that folks who are probably more expert in this type of

thing than we on the committee are could look at it, judge it, and see what is really needed.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

[Mr. FOUNTAIN asked and was given permission to revise and extend his remarks.]

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. ADAMS].

Mr. ADAMS. Mr. Chairman, I rise in opposition to the amendment.

I emphasize again I think it is very unwise to make such a technical change in a very complex bill on the floor in this type of debate.

As to what this can do, for example, this could prevent use of the exemption entirely. The ICC might wish to exempt the one line because of its particular financial problems, which is what the gentleman has mentioned. Yet, there is another line that has a great deal of exchange with the first road, that the ICC does not feel should have an exemption. By hooking these together, there is a daisy chain effect and nothing would be done. This amendment can reach into many areas where it may not be wanted or may not be in the national interest.

For example, there may be a particular line receiving from an exempt line, but, because of its particular shipping requirements it has to ship into a non-exempt line. It might be caught in a nutcracker operation, where it would not be able to collect from an exempt line, and yet be in an operation where it would have to pay surcharges on cars it is using.

I think these things can be examined in further hearings, and this committee can produce what the effects of this will be in terms of car interchanges and competing and conforming lines and lines that would be hooked together. Then we could consider it.

[Mr. SPRINGER addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. KORNEGAY].

Mr. KORNEGAY. Mr. Chairman, I say to the good gentleman from Illinois that all my amendment does is add "and payable to," so that the bill on line 24, page 3, says simply that the Commission "may exempt from the compensation to be paid by," and there I insert the words "and payable to," which merely makes it a two-way street.

It says that if they are going to receive exemptions from having to pay, the exemption should extend to receiving also.

Also I point out to the membership that there is the all-powerful phrase at the conclusion of this section which says, "if the Commission finds it to be in the national interest," conferring upon the Commission broad discretion and broad authority.

In conclusion, Mr. Chairman, I am hopeful that the membership will sup-

port this amendment, so that it can be preserved and considered by the conference. If it is not a good amendment, and if it does not do what I say it does, then we can get rid of it in conference. Otherwise this golden opportunity will be lost forever.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. STAGGERS] to close debate.

Mr. STAGGERS. Mr. Chairman, I rise in opposition to the amendment.

The author of the amendment is a valuable and conscientious member of our committee, and I am sure he offered the amendment in good faith.

However, to me this is just another indication of what has been going on—not through the gentleman—for 40 years, among the railroads, of their inability to reach some understanding.

I communicated with the railroads time after time, urging them to reach a solution but the railroads themselves will not get together. Congress therefore must do it.

The committee has studied this problem. We have gone over it for many years. The committee has had great deliberations. We have had bills since 1947 and hearings on them. We were not able to bring it to the floor because of the railroad disunity.

The Senate has passed two similar bills, but we could not get them passed on this side.

The time has come now for Congress to accept its responsibility. Like the gentleman from Illinois [Mr. SPRINGER] said, our staff does not know the complete implications of the amendment, and the ICC says it is not a thing to be put into the bill.

I believe the amendment should be turned down and that we should pass the bill, to get started. If it does not work properly, the committee can always keep sight of it and see what is going on and try to correct anything that is wrong.

Mr. ELLSWORTH. Mr. Chairman, S. 1098 has long had my strong support and I rise today to join my colleagues in urging overwhelming approval of this bill. I hope the President will sign it into law right away.

S. 1098 will stimulate boxcar construction and availability but the car shortage is so severe and has persisted for so long, that many of us think additional stimulation will be needed to bring prompt and effective relief.

It is time for congressional action which would provide a realistic and lasting solution to the unnecessary, needless shortage of boxcars.

The investment tax credit has existed for only a few years but it has demonstrated that it is a very effective spur and incentive to the construction of new freight cars. Even so, the problem has reached emergency proportions.

I have been in touch with interested people all over the United States to seek their views on legislation which would provide further investment tax credit for this purpose. The response has been positive and enthusiastic.

My proposal—which is now being drafted—would enlarge upon the present

tried and proven program of investment tax credit and reduction of income tax liability. Under existing law the 7-percent investment credit for tax purposes is limited to \$25,000, plus 25 percent of total tax liability over that amount. Unused credit can be carried back for 3 years and carried forward 5 years. My proposal would increase the limitation on the investment credit to 50 percent of tax liability, and permit a 7-year carry forward of the unused investment credit on multipurpose boxcars.

Mr. Chairman, it is time to create an atmosphere which would encourage those who are willing to help themselves. My bill will be designed to just that.

The CHAIRMAN. All time has expired.

The question is on the amendment to the committee amendment offered by the gentleman from North Carolina [Mr. KORNEGAY].

The question was taken; and on a division (demanded by Mr. KORNEGAY) there were—ayes 36, noes 81.

So the amendment was rejected.

The CHAIRMAN. The question now occurs on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HULL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1098) to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, pursuant to House Resolution 830, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SPRINGER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. SPRINGER. Mr. Speaker, I objected to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 306, nays 27, not voting 100, as follows:

[Roll No. 97]

YEAS—306

Abbott
Adair
Adams
Albert
Anderson, Ill.
Anderson, Tenn.

Andrews,
George W.
Andrews,
Glenn
Andrews,
N. Dak.
Annunzio

Arends
Ashley
Ashmore
Aspinall
Ayres
Bandstra
Battin

Beckworth
Belcher
Bell
Bennett
Berry
Betts
Blatnik
Boggs
Bolling
Bolton
Bow
Bray
Brock
Brooks
Broomfield
Brown, Calif.
Brown, Clar-
ence J., Jr.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burton, Calif.
Burton, Utah
Byrne, Pa.
Byrnes, Wis.
Cabell
Callan
Cameron
Casey
Cederberg
Chamberlain
Clancy
Clark
Clausen,
Don H.
Clawson, Del.
Cleveland
Clevenger
Cohelan
Collier
Colmer
Conable
Conte
Conyers
Cooley
Cramer
Culver
Cunningham
Curtin
Curtis
Dague
Daniels
Davis, Ga.
Davis, Wis.
Delaney
Denton
Derwinski
Devine
Dingell
Dole
Downing
Dulski
Duncan, Oreg.
Duncan, Tenn.
Dwyer
Dyal
Edmondson
Edwards, Calif.
Edwards, La.
Ellsworth
Erlenborn
Evans, Colo.
Everett
Evins, Tenn.
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Findley
Fino
Fisher
Flynt
Foley
Ford, Gerald R.
Ford,
William D.
Fountain
Frelinghuysen
Friedel
Fulton, Pa.
Fulton, Tenn.
Fuqua
Garmatz
Gathings
Gibbons
Gilligan

Gonzalez
Goodell
Gray
Green, Oreg.
Green, Pa.
Greigg
Grider
Griffiths
Gross
Gubser
Gurney
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halpern
Hamilton
Hanley
Hansen, Idaho
Hansen, Iowa
Hansen, Wash.
Hardy
Harsha
Harvey, Mich.
Hathaway
Hawkins
Hechler
Hicks
Holifield
Horton
Hosmer
Hull
Huot
Ichord
Jarman
Jennings
Johnson, Calif.
Johnson, Okla.
Jonas
Jones, Ala.
Jones, N.C.
Karsten
Karth
Kastenmeier
Kee
King, Calif.
Kirwan
Kluczynski
Kornegay
Krebs
Kunkel
Kupferman
Laird
Landrum
Langen
Latta
Lennon
Lipscomb
Long, La.
Long, Md.
Love
McCarthy
McClary
McDowell
McFall
McGrath
MacGregor
Machen
Mackay
Mackie
Madden
Mahon
Marsh
Martin, Nebr.
Matsunaga
Matthews
May
Meeds
Miller
Mills
Minish
Mize
Moeller
Moore
Morgan
Morris
Morrison
Morton
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nelsen
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olson, Minn.
O'Neal, Ga.

NAYS—27

Dorn
Gallagher
Giamo
Grabowski
Grover
Irwin

Passman
Patman
Patten
Pelly
Pepper
Perkins
Pickle
Pirnie
Pool
Powell
Price
Pucinski
Purcell
Quie
Randall
Redlin
Rees
Reid, N.Y.
Reid, Ill.
Reifel
Reinecke
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rivers, Alaska
Rivers, S.C.
Roberts
Robison
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Ronan
Rostenkowski
Roudebush
Roush
Roybal
Ryan
Satterfield
Saylor
Scheuer
Schmidhauser
Schneebeli
Schweiker
Secrest
Selden
Sennar
Sickles
Sikes
Sisk
Skubitz
Slack
Smith, Calif.
Smith, Iowa
Smith, N.Y.
Smith, Va.
Springer
Staggers
Stalbaum
Stanton
Steed
Stephens
Stratton
Stubblefield
Sweeney
Talcott
Teague, Calif.
Teague, Tex.
Tenzer
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Trimble
Tunney
Tuten
Udall
Ullman
Utt
Van Deerlin
Vanik
Waggonner
Walker, Miss.
Walker, N. Mex.
Watson
Weltner
Whalley
White, Tex.
Whitener
Widnall
Wilson, Bob
Wright
Wyatt
Yates
Young
Younger
Zablocki

Keith
Keogh
King, N.Y.
Martin, Mass.
O'Neill, Mass.
Ottinger

Philbin	St Germain	Watts
Pike	St. Onge	Wolff
Poff	Shipley	Wydlar

NOT VOTING—100

Abernethy	Hébert	Nix
Addabbo	Helstoski	O'Brien
Ashbrook	Henderson	Olsen, Mont.
Baring	Herlong	Poage
Barrett	Holland	Quillen
Bingham	Howard	Race
Brademas	Hungate	Resnick
Burleson	Hutchinson	Rodino
Cahill	Jacobs	Roncalio
Callaway	Joelson	Rooney, N.Y.
Carter	Johnson, Pa.	Rooney, Pa.
Celler	Jones, Mo.	Rosenthal
Chelf	Kelly	Rumsfeld
Corbett	King, Utah	Schisler
Corman	Leggett	Scott
Craley	McCulloch	Shriver
Dawson	McDade	Stafford
de la Garza	McEwen	Sullivan
Dent	McMillan	Taylor
Dickinson	McVicker	Todd
Diggs	Macdonald	Toll
Dow	Mailliard	Tuck
Dowdy	Martin, Ala.	Tupper
Edwards, Ala.	Mathias	Vigorito
Flood	Michel	Vivian
Fogarty	Mink	Watkins
Fraser	Minshall	White, Idaho
Gettys	Monagan	Whitten
Gilbert	Moorhead	Williams
Griffin	Morse	Willis
Halleck	Mosher	Wilson,
Hanna	Moss	Charles H.
Harvey, Ind.	Multer	
Hays	Murray	

So the bill was passed.

The Clerk announced the following pairs:

Mr. King of Utah with Mr. Rooney of Pennsylvania.
 Mr. Hébert with Mr. Hays.
 Mr. Barrett with Mr. Baring.
 Mr. Corman with Mr. Diggs.
 Mr. Flood with Mr. Bingham.
 Mr. Brademas with Mr. Leggett.
 Mr. Hungate with Mr. Herlong.
 Mr. Henderson with Mr. Fraser.
 Mr. Charles H. Wilson with Mr. Willis.
 Mr. Schisler with Mr. O'Brien.
 Mr. Resnick with Mr. Nix.
 Mr. Moss with Mr. McMillan.
 Mr. de la Garza with Mr. Murray.
 Mr. Rooney of New York with Mr. Cahill.
 Mr. Olsen of Montana with Mr. Corbett.
 Mrs. Kelly with Mr. Griffin.
 Mr. Toll with Mr. McCulloch.
 Mr. Gilbert with Mr. McEwen.
 Mr. Rosenthal with Mr. Mailliard.
 Mr. Scott with Mr. Rumsfeld.
 Mr. Holland with Mr. Morse.
 Mr. Burleson with Mr. Halleck.
 Mr. Addabbo with Mr. Mathias.
 Mr. Tuck with Mr. Tupper.
 Mr. Rodino with Mr. Shriver.
 Mr. Dowdy with Mr. Watkins.
 Mr. Dow with Mr. Stafford.
 Mr. McVicker with Mr. Mosher.
 Mr. Whitten with Mr. Ashbrook.
 Mr. Williams with Mr. Callaway.
 Mr. Fogarty with Mr. Michel.
 Mr. Abernethy with Mr. Chelf.
 Mr. Willis with Mr. Vigorito.
 Mr. Helstoski with Mr. Jacobs.
 Mr. Joelson with Mr. Carter.
 Mr. Monagan with Mr. Quillen.
 Mr. Roncalio with Mr. Hutchinson.
 Mr. Vivian with Mr. Edwards of Alabama.
 Mr. Race with Mr. Dickinson.
 Mr. Dent with Mr. Johnson of Pennsylvania.
 Mr. Howard with Mr. Harvey.
 Mrs. Sullivan with Mr. Minshall.
 Mr. Multer with Mr. Martin of Alabama.
 Mr. Macdonald with Mr. McDade.
 Mr. Gettys with Mr. Moorhead.
 Mr. Hanna with Mrs. Mink.
 Mr. Todd with Mr. White of Idaho.
 Mr. Taylor with Mr. Craley.
 Mr. Celler with Mr. Dawson.

Mr. BOLAND and Mr. CAREY changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

AUTHORITY FOR SECRETARY OF DEFENSE TO LEND EQUIPMENT AND PROVIDE TRANSPORTATION AND SERVICES TO BOY SCOUTS OF AMERICA IN CONNECTION WITH 12TH WORLD JAMBOREE AND CONFERENCE OF BOY SCOUTS

Mr. HALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12270) to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the Twelfth World Jamboree and Conference of Boy Scouts to be held in the United States of America in 1967, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the bill, as follows:

H.R. 12270

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Defense is hereby authorized, under such regulations as he may prescribe, to lend to the National Council, Boy Scouts of America, for the use and accommodation of the approximately twenty-five thousand Scouts, Scouters and officials who are to attend the World Jamboree, Boy Scouts, to be held at Farragut State Park, Idaho, and five hundred Scouters who are to attend the World Conference of Scout Associations in Seattle, Washington, following the Jamboree, in July and August 1967, such tents, cots, blankets, commissary equipment, flags, refrigerators, and other equipment and services as may be necessary or useful, to the extent that items are in stock and available and their issue will not jeopardize the national defense program.

(b) Such equipment is authorized to be delivered at such time prior to the holding of such jamboree, and to be returned at such time after the close of such jamboree, as may be agreed upon by the Secretary of Defense and the National Council, Boy Scouts of America. No expense shall be incurred by the United States Government for the delivery, return, rehabilitation, or replacement of such equipment.

(c) The Secretary of Defense, before delivering such property, shall take from the National Council, Boy Scouts of America, good and sufficient bond for the safe return of such property in good order and condition, and the whole without expense to the United States.

SEC. 2. (a) The Secretary of Defense is hereby authorized, under such regulations as he may prescribe, to provide, without expense to the United States Government, transportation from the United States military commands overseas, and return, on surface and other transportation facilities of the armed services for (1) those Boy Scouts, Scouters, and officials certified by the National Council, Boy Scouts of America, as representing the National Council, Boy Scouts of America, at the jamboree referred to in the first section of this Act; (2) those Boy Scouts and leaders of other nations who are certified by the Boy Scouts of America as being official representatives to the world jamboree and world conference; and (3) the equipment and property of such Boy Scouts, Scouters, and officials and the property loaned to the National Council, Boy Scouts of America, by the Secretary of Defense pursuant to this Act; to the extent that such transportation will not interfere with the requirements of military operations.

(b) Before furnishing any transportation under this section, the Secretary of Defense shall take from the National Council, Boy Scouts of America, a good and sufficient bond for the reimbursement to the United States by the National Council, Boy Scouts of America, of the actual costs of transportation furnished under this section.

SEC. 3. Amounts paid to the United States to reimburse it for expenses incurred under the first section and for the actual cost of transportation furnished under section 2 shall be credited to the current applicable appropriations or funds to which such expenses and costs were charged and shall be available for the same purposes as such appropriations or funds.

SEC. 4. Under regulations prescribed by the Secretary of State, no fee shall be collected for the application for a visa by or the issuance of a visa to any Boy Scout, Scouter, or official who is certified by the National Council, Boy Scouts of America, as representing a Scout association from another nation at the jamboree and world conference referred to in the first section of this Act. Further, the import and export of documents and paraphernalia needed by conference and jamboree delegates and representatives at said world conference and world jamboree will be guaranteed free entry and departure regardless of nationality.

SEC. 5. Each department of the Federal Government is hereby authorized under such regulations as may be prescribed by the Secretary thereof to assist the Boy Scouts of America in the carrying out and the fulfillment of the plans for the encampment and conference referred to in sections 1, 2, and 4 of this Act.

With the following committee amendments:

On page 3, line 7, delete the word "who" and insert "whose associations."

On page 4, line 6, delete the word "who" and insert "whose associations."

On page 4, line 7, delete the words "a Scout association from."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "An Act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the Twelfth Boy Scouts World Jamboree and Twenty-first Boy Scouts World Conference to be held in the

United States of America in 1967, and for other purposes."

A motion to reconsider was laid on the table.

(Mr. HALL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HALL. Mr. Speaker, I rise in support of H.R. 12270 and make the following statement as a Scout and Senator of 46 years continuous service:

PURPOSE OF THE BILL

The purpose of this legislation is to authorize the Secretary of Defense to lend certain Army, Navy and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the 12th Boy Scouts World Jamboree and 21st Boy Scouts World Conference to be held in the United States in 1967.

AMENDMENTS

The amendments made by the committee would provide that in the case of foreign representatives the certification required of the Boy Scouts of America would be of Scout associations rather than of individuals. The title was amended to more clearly describe the functions to be supported.

FISCAL DATA

The bill provides the Boy Scouts of America are to pay the cost of delivery and return of equipment and replacement and repair as necessary and are to pay the cost of transportation furnished. There will be some nonreimbursable services and some administrative costs which will be nominal and which can be absorbed within the operating budgets of the military installations concerned.

DEPARTMENTAL DATA

The Department of Defense interposes no objection to passage of the legislation.

COMMITTEE POSITION

The Committee on Armed Services, a quorum being present, unanimously approved H.R. 12270 and recommends its enactment.

Mr. Speaker, I strongly urge passage.

GENERAL LEAVE TO EXTEND

Mr. HALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 12270.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PROGRAM FOR WEEK OF MAY 16

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I take this time for the purpose of asking the distinguished majority leader as to the program for the rest of this week and for next week.

Mr. ALBERT. Mr. Speaker, will the distinguished gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman.

Mr. ALBERT. In response to the in-

quiry of the distinguished minority leader, Mr. Speaker, we have finished the legislative business for this week. The program for next week is as follows:

Monday is Consent Calendar Day. There are nine suspensions as follows:

S. 693, Foreign Agents Registration Act Amendments;

H.R. 12676, temporary suspension of duty on certain forms of copper;

H.R. 14347, to liberalize dependency and indemnity compensation payments to parents and children of veterans;

H.R. 13313, concerning admission fees at Corps of Engineers reservoirs;

H.R. 7402, providing for the establishment of the Chamizal Treaty National Memorial, El Paso, Tex.;

H.R. 11775, providing for the popular election of the Governor of Guam;

H.R. 11777, providing for the popular election of the Governor of the Virgin Islands;

H.R. 13277, providing for the reapportionment of the Legislature of the Virgin Islands; and

H.R. 13298, authorizing the Legislature of Guam to provide by law for the election of its members from election districts.

We also have on Monday, H.R. 14544, Participation Sales Act of 1966, with an open rule and 4 hours of debate. We hope to adopt the rule and finish general debate on that bill on Monday, possibly.

Tuesday and the balance of the week: Tuesday is Private Calendar Day. H.R. 14544, Participation Sales Act of 1966, to conclude consideration.

H.R. 13712, minimum wage bill. Open rule with 4 hours of debate.

This, of course, is made subject to the usual reservations that conference reports may be brought up at any time and any further program may be announced later.

I advise Members that we expect to be very busy on Monday, Tuesday, and Wednesday. We hope to dispose of the business before a number of Members will make an annual trip to New York City on Thursday.

Mr. GERALD R. FORD. Mr. Speaker, will the distinguished majority leader answer this question: You hope to conclude the general debate on Monday on the Participation Sales Act, but you would go no further than the general debate at any cost on Monday?

Mr. ALBERT. Yes. That is right. If we finish general debate, we will be very pleased. In no event would we begin the reading of the bill under the 5-minute rule on Monday.

Mr. GERALD R. FORD. As I understand it, we are going to finish the minimum wage bill on Wednesday before we adjourn.

Mr. ALBERT. May I further advise Members of the House—and I have discussed this with the distinguished minority leader—depending on how we are getting along, we might very well like to come in early on Tuesday and/or Wednesday.

Mr. GERALD R. FORD. I can assure the gentleman from Oklahoma that we will cooperate as much as we possibly can in trying to get this scheduled busi-

ness done by Wednesday night of next week.

Mr. ALBERT. I appreciate the gentleman's cooperation.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman.

Mr. ARENDS. As I understand it, then, you expect to have a vote on the Participation Sales Act on Tuesday of next week, a record vote.

Mr. ALBERT. We hope to have a vote on it by Tuesday, and we hope to get started on the minimum wage bill.

Mr. ARENDS. Then we can advise our membership that there is a real possibility of a vote on Tuesday?

Mr. ALBERT. Yes. Probability, I would say. Yes.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. Tuesday is the Pennsylvania primary day. I think it would be most unfortunate if we started early on Tuesday and had to vote early, because while I have already voted in Pennsylvania by absentee ballot and it does not bother me at all, there may be a number of our delegation who will want to get back in time to vote.

If a vote is held at 10 or 11 o'clock, or something like that, then they would be prevented from being recorded.

Mr. ALBERT. In response to the gentleman from Pennsylvania, I would not think there would be any vote at 10 or 11 o'clock in the morning.

Mr. KUNKEL. The gentleman from Oklahoma said that you were going to try to come in early.

Mr. ALBERT. We might, depending upon how we are getting along. However, we would not come in early if we were near to a vote the first thing on Tuesday on the Participation Sales Act, because under the arrangement which we have already discussed with the gentleman from Michigan, the distinguished minority leader, we have told him that we would not consider the bill under the 5-minute rule on Monday.

Mr. KUNKEL. Mr. Speaker, if the gentleman will yield further, my only thought in bringing this up was to protect the Pennsylvania Members who are going back to vote in the election.

Mr. ALBERT. I appreciate that, and of course we want to cooperate insofar as we can.

The gentleman from New Jersey [Mr. GALLAGHER] has just advised me that for those Members who are not going to New York City, the Canadian Inter-Parliamentary Meeting will be held in Washington on Wednesday, Thursday, and Friday of next week.

Mr. GERALD R. FORD. I thank the distinguished majority leader.

ADJOURNMENT TO MONDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued May 18, 1966
For actions of May 17, 1966
89th 2nd; No. 81

CONTENTS

Adjournment.....	25	Food.....	6,16	Participation sales...	2,11
Appropriations.....	1,11,41	Foreign aid.....	19	Personnel.....	10
Awards.....	14	Foreign trade.....	16,27,39	Population.....	6
Child nutrition.....	32	Forest Service.....	1,11	Poverty.....	38
Commodity reserves.....	16	Freight cars.....	12	Purchasing.....	29
Conservation.....	17,28	Inflation.....	22	Roads.....	9
Cosponsors.....	16	Information.....	20	School milk.....	21
Credit.....	34	Intergovernmental		Transportation.....	12
Dairy imports.....	16,30	relations.....	24	Visitor center.....	15
Disaster relief.....	3	Labor standards.....	4,11	Water pollution.....	36
Education.....	8,18	Legislative program.....	11	Water resources.....	37
Exposition.....	7	Loan pools.....	2,11	Weather.....	23
Farm prices.....	5,16	Opinion poll.....	26	Wildlife.....	40
Fish protein.....	33	Packaging.....	35		
Fisheries.....	13	Parity prices.....	16,31		

HIGHLIGHTS: House received conference report on Interior appropriation bill, including Forest Service. House debated participation sales bill. Rep. Ashbrook criticized administration on farm prices issue. Rep. Gilligan introduced and recommended child nutrition bill. Reps. Rice and Stalbaum introduced and Rep. Race discussed dairy import bill.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 14215, the Interior and related agencies appropriation bill (H. Rept. 1538) (pp. 10314-6). The conference provided \$18,093,000 as proposed by the Senate for the Forest Service under the Land and Water Conservation Fund. A table reflecting the action of the conference is attached to this Digest.
2. PARTICIPATION SALES. Continued debate on H. R. 14544, the participation sales bill. pp. 10322-45

3. DISASTER RELIEF. Received from the President a report on activity under Public Law 875, 81st Cong., on disaster relief. pp. 10319, 10223
4. LABOR STANDARDS. Del. Polanco-Abreu protested the treatment of Puerto Rico in the labor standards bill. pp. 10347-55
5. FARM PRICES. Rep. Ashbrook criticized the record of the Administration on farm prices and inserted the recent Republican telegram to Secretary Freeman and the Secretary's reply. pp. 10361-3
6. POPULATION; FOOD NEEDS. Rep. Todd inserted an article, "FAO Finds Population Outpaces Food Gains." p. 10368
7. EXPOSITION. Received from the Commerce Department a report on the proposed U. S. participation in the Inter-American Cultural and Trade Center. p. 10372
8. EDUCATION. The Education and Labor Committee reported with amendment H. R. 14643, to provide for strengthening educational resources for international studies and research (H. Rept. 1539). p. 10372
9. ROADS. The Roads Subcommittee approved for full committee action a substitute for H. R. 14359, to authorize road appropriations for 1968 and 1969. p. D426
10. PERSONNEL. Received from the Civil Service Commission a proposed bill "to amend section 1310 of the Supplemental Appropriation Act, 1952, as amended," which provides various restrictions on promotions and transfers; to Post Office and Civil Service Committee. p. 10372
11. LEGISLATIVE PROGRAM as announced by Majority Leader Albert: Today, Interior appropriation bill and participation sales bill; next week, labor standards bill. p. 10345

SENATE

12. TRANSPORTATION. Concurred in the House amendment to S. 1098, to amend the Interstate Commerce Act so as to insure the adequacy of the national railroad freight car supply. This bill will now be sent to the President. pp. 10250-52
13. FISHERIES. The Commerce Committee voted to report (but did not actually report) S. J. Res. 29, to direct the Bureau of Commercial Fisheries to survey the marine and fresh-water commercial fishery resources of the U. S., its territories and possessions. p. D424
14. AWARDS. Passed as reported S. 2463, to grant the consent of the Congress to the acceptance of certain gifts and decorations from foreign governments. pp. 10312-3
15. VISITOR CENTER. The Public Works Committee reported with amendments S. 3031, to authorize the Secretary of the Interior to establish a National Visitor Center (S. Rept. 1161). The bill was then referred to the Interior and Insular Affairs Committee. p. 10224

Under present law, persons over 65 receiving Social Security benefits cannot earn more than \$1,500 per year without having their benefits reduced.² Penalties are provided for failure to report earnings.³

These income limitations were initially enacted in 1935⁴ during the period of the Great Depression, when the notion was widespread that as many persons as possible should be removed from the labor force in order to spread the available work. In our opinion the limitations serve no useful purpose today and should be removed.

We have found other ways of promoting high employment than discouraging people anxious and willing to work. Social Security benefits are frequently insufficient by themselves to maintain our older citizens in the dignity which should be their lot. These citizens in our opinion should be encouraged rather than discouraged in their efforts to supplement their income by constructive work which also redounds to the benefit of society. This seems particularly true today when many employers are reporting a shortage of qualified personnel for many jobs.⁵ Older citizens who possess skills accumulated during many years of experience may be especially qualified for many of these very positions. Indeed it is now recognized that an important segment of retired persons, as the average life span lengthens, will want and need to continue to work beyond 65 in order to feel a sense of constructive usefulness in their lives.⁶

1st Sess. (1965) by Mr. Boggs; H.R. 2481, 89th Cong., 1st Sess. (1965) by Mr. SPRINGER; H.R. 3428, 89th Cong., 1st Sess. (1965) by Mr. Lindsay prior to his election as Mayor of the City of New York; H.R. 3795, 89th Cong., 1st Sess. (1965) by Mr. FINO; H.R. 5517, 89th Cong., 1st Sess. (1965) by Mr. PEPPER; S. 1490, 89th Cong., 1st Sess. (1965) by Senator HARTKE.

² 42 U.S.C. § 403(b) and (f). The limit was raised from \$1,200 to \$1,500; 79 Stat. 363 (1965).

³ 42 U.S.C. § 403(g). Enforcement problems are also created where erroneous certifications are given by Social Security recipients as to their outside income. The amounts due the Government are often relatively small, yet the beneficiary may be unable to pay them except over a period of years which may frequently be less than his or her anticipated lifetime. False statements are, of course, a source of possible criminal penalties. E.g., 18 U.S.C. § 1001; 42 U.S.C. § 1307. Older citizens who erroneously report income for Social Security purposes are thus subjected to potential prison sentences in connection with the income limitations under discussion here. Questions necessarily arise in such cases whether the individual understood the requirements of the law or was sufficiently aware of the discrepancies to be liable. These issues in this context create difficult problems for prosecuting authorities and the courts which would be obviated by repeal of the income limitation.

⁴ 49 Stat. 623 (1935).

⁵ See N.Y. Times, March 27, 1966, p. 1, col. 2 and p. 82, col. 4. Compare also Rosenthal, letter to the editor, N.Y. Times, March 20, 1966.

⁶ As stated by Franklin D. Roosevelt in his first inaugural address: "Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort." N.Y. Times, March 5, 1933; 2 Hofstadter, *Great Issues in American History* 351, 353 (1958). Compare Pope John XXIII, *Mater et Magistra*, Part II, par. 82-83 (1961); Peter F. Drucker, *Concept of the Corporation* 140, 179 (1960); Drucker, *The Future of Industrial Man* 101-117 (1942); Pierre Teilhard de Chardin, *The Future of Man* 16-18, 118 (Denny trans. 1964); Givens, *The Coming Industrial Citizenship*, 17 Labor L.J. 99 (1966); Khalil Gibran, "On Work" in *The Prophet* 27-31 (Pocket ed. 1955).

The earned income limitation is also contrary to the basic philosophy of the Social Security Act, which has always been that benefits were available as a matter of right on the basis of the contribution paid in through Social Security taxes, without resort to a "means test" of any kind.

In addition we note that under present law a person over 65 can receive an unlimited amount of income from investments, whereas he is penalized if he works to earn additional income. Similarly, those over 72 can now earn more than the limit without losing benefits. In our opinion such distinctions have no basis and should be abolished.

We, therefore, endorse the bills calling for repeal of the income limitation.

Respectfully submitted.

Committee on Labor and Social Security Legislation; William J. Isaacson, Chairman; Irving Abramson; Jerome H. Adler; Albert X. Bader; William J. Brennan III; John D. Canoni; Samuel J. Cohen; Wilbur Daniels; Richard A. Givens; Alex J. Glauberman; Richard N. Goldstein; Robert C. Isaacs; Isadore Katz.

Samuel M. Kaynard; Arthur Mermin; Francis A. O'Connell, Jr.; Benjamin C. Roberts; Edward Silver; Donald W. Smith; Burton B. Turkus; Stephen C. Vladeck; John Whittlesey; Benjamin Wyle; William A. Ziegler, Jr.; Max Zimny.

TRIBUTE TO CARDINAL SPELLMAN ON GOLDEN ANNIVERSARY OF ORDINATION AS A PRIEST

Mr. JAVITS. Mr. President, this past weekend, New Yorkers of all faiths and religious leaders from all parts of the country joined in honoring New York's archbishop, Francis Cardinal Spellman, on the golden anniversary of his ordination to the priesthood.

It was only appropriate, Mr. President, that people of all faiths were involved in this tribute, for Cardinal Spellman has the respect, gratitude, and esteem of millions of non-Catholics as well as the devotion of the communicants of his own church.

Cardinal Spellman is probably best known throughout the world for his yearly Christmastime trips to be with our troops in the field in the most difficult and dangerous overseas posts.

But New Yorkers know also about his personal charities, his fervent devotion to the young people of New York, and his personal, constant concern for and aid to St. Vincent's Hospital, the New York Foundling Hospital, and the Alfred E. Smith Memorial Foundation.

I know I speak for millions of New Yorkers when I express my congratulations and best wishes to Cardinal Spellman for his half century of rich accomplishment and his deep solicitude for all peoples.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times of May 15, and a news article from the same paper's May 16 editions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PRIESTLY HALF CENTURY

Fifty years ago today a young Roman Catholic priest from the Boston archdiocese was ordained in Rome. There was nothing about him then to distinguish him from any

number of earnest young clerics seemingly destined for a career in a Boston parish. Father Francis J. Spellman's "parish," however, was to be a much larger one than he anticipated. He became an intimate of Pope Pius XII, a member of the College of Cardinals and the Archbishop of New York. Probably no Catholic priest in American history has exercised as much influence on both ecclesiastical and secular affairs.

The Cardinal has been no stranger to public controversy during his years of eminence. Long criticized as a conservative, he showed an admirably flexible spirit in adjusting to the more progressive Catholicism associated with Pope John XXIII and the recent Vatican Council. New York, at once the richest and most complex of archdioceses, has kept up with the changes decreed in Rome. This cheerful acceptance of *aggiornamento* adds enthusiasm to today's celebration of a half century of rich accomplishment.

FOUR CARDINALS JOIN IN HONORING SPELLMAN HERE

(By Paul Hofmann)

With congratulatory messages from the Pope and the President, and with four cardinals and 90 bishops looking on, Cardinal Spellman celebrated his 50th anniversary in the priesthood yesterday. He made it an occasion of piety and humility.

The 77-year-old spiritual leader of New York's Roman Catholics went through a strenuous day with characteristic gusto as testimonials of affection and esteem flowed in from far and near.

Pope Paul VI sent his apostolic blessing in a Latin letter. President Johnson wrote that "this nation has long been the fortunate beneficiary of your wisdom and courage." Many other public figures in the United States and throughout the world also sent tributes.

The Cardinal struck a note of austerity and steadfastness in a homily prepared for delivery during mass in St. Patrick's Cathedral yesterday afternoon. The rite commemorated the first mass offered by the newly ordained Rev. Francis Spellman in St. Peter's in Rome May 14, 1916.

Stressing that laymen were sharing with the clergy in religious apostolate, Cardinal Spellman said: "How many of you, of many faiths, who stand before God accepting self-denial because God asks it of you. The calm and steady manner in which people assume difficult duties, serve their friends, their families, and their country, and give generously to the poor, as typical of the splendid sacrifices that God alone fully knows and records."

The Cardinal said of priesthood: "I think always of it in terms of people—God's people." He affirmed that priests in New York as elsewhere, were dealing in a "flexible and very forward-looking way" with modern problems.

He called on the clergy to show "personal piety as an absolute necessity," humility, loyalty to the church, patriotism, "affection for fellow priests and all ministers of religion," and conscientious service to all people. The Cardinal is also military vicar to Roman Catholics in the armed forces.

Workmen erected a special altar in the center of the cathedral for the cardinal's thanksgiving mass yesterday afternoon. Aides explained that Cardinal Spellman had preferred to officiate in the sanctuary's center instead of, as usual, before the main altar in the apse on its east. This was to encourage full participation of the congregation in the prayers and hymns, most of which were in English, in keeping with the recent liturgical reforms in the Catholic Church.

The anniversary mass was preceded by a procession of churchmen from the Cardinal's residence, 452 Madison Avenue, along East 50th Street to the cathedral's main entrance on Fifth Avenue.

Those in attendance included the Roman Catholic Primate of Yugoslavia, Franjo Card-

nal Seper. The 50-year-old prelate, who is archbishop of Zagreb, has been touring Slavic communities in the United States for the last two weeks and is at present a house guest of Cardinal Spellman.

James Francis Cardinal McIntyre of Los Angeles, Joseph Cardinal Ritter of St. Louis and Lawrence Joseph Cardinal Shehan of Baltimore also had come to New York for the anniversary of the ranking Catholic prelate in the United States. Richard Cardinal Cushing of Boston, who had earlier said he wanted to participate, was prevented from doing so by the state of his health.

The Pope was represented by the Apostolic Delegate in Washington, the Most Rev. Egidio Vagnozzi, an old friend of Cardinal Spellman's. The assembled archbishop and bishops came from Catholic dioceses throughout the nation.

Most of the high churchmen were staying at the Waldorf-Astoria Hotel. As on previous such occasions, the management had altars prepared in a hall on the hotel's fourth floor for the convenience of the visiting prelates, many of whom celebrated their daily mass there yesterday morning.

On Friday night Cardinal Spellman was host at an intimate dinner for members of his family, at his residence. Among those present were the Cardinal's two brothers, Martin and John, who are both doctors; two sisters, Marian and Helen, and some 20 other relatives.

Most of the cardinal's close relatives live in or near Whitman, Mass., where he was born into a grocer's family on May 4, 1889.

Early yesterday morning the prelate prayed in his private chapel on the third floor of his revival Gothic residence, and then chatted with some of the visiting churchmen and other wellwishers. He found time also for some work, drafting a speech that he intends to give on the conclusion of the anniversary celebration Tuesday.

Events scheduled for yesterday included a private dinner for hundreds of invited guests at the Waldorf-Astoria. In addition to the visiting prelates, the pastors of the archdiocese's 403 parishes, with four laymen and laywomen each, had been invited to the affair.

Cardinal Spellman is scheduled to preside at mass at St. Patrick's Cathedral at 10 A.M. today. The Rev. Robert W. Moher, a member of the Holy Cross order who is on the cathedral staff, will be the officiating priest.

At 3:30 P.M. the Cardinal will offer a special thanksgiving mass for the religious sisters at Cardinal Spellman High School, 1991 Needham Avenue, the Bronx.

He will celebrate his third thanksgiving mass on the grounds of St. Joseph's Seminary, Dunwoodie, Yonkers, N.Y., on Tuesday afternoon, after dedicating the New Catholic Communications Center there. The center is a three-channel educational television network.

Cardinal Spellman was praised in the Pope's handwritten letter as "zealous, watchful, undismayed by difficulties; a prudent, generous and open-minded man of accomplishment (solers, vigil, arduis rebus non territus, consilii prudens et in exsequendo magnificus et munificus)." The text of the latter, which was sent by Pope Paul earlier this month, was released by the Vatican yesterday.

The papal document also authorized Cardinal Spellman to give Apostolic Benediction to the faithful of his archdiocese on a day of his own choosing. Apostolic Benediction is a solemn blessing normally reserved to the Pontiff, but sometimes imparted, on his behalf and authority, by an outstanding prelate.

Good wishes also came from Governor Rockefeller, Mayor Lindsay, Senator JACOB K. JAVITS and ROBERT F. KENNEDY; Dan M. Potter for the Protestant Council of the City of New York; Rabbi Edward T. Sandrow;

president of the New York Board of Rabbis, and other civic and religious leaders.

NATIONAL RAILROAD FREIGHT CAR SUPPLY

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1098) to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, which was, to strike out all after the enacting clause and insert:

That section 1(14)(a) of the Interstate Commerce Act is amended by adding at the end thereof the following: "In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expenses involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

SEC. 2. Any compensation fixed pursuant to the amendment made to the Interstate Commerce Act by the first section of this Act shall not take effect before September 1, 1966.

Mr. MAGNUSON. Mr. President, I move that the Senate concur in the House amendment to S. 1098, the box car bill, in order that we might achieve final passage of this measure.

Let me point out to the Senate that while the House amendments change the language of the bill in a number of respects, the House and Senate versions of S. 1098 are substantially the same. Both bills authorize and direct the Interstate Commerce Commission, after hearing, to prescribe the rental rate paid by railroads using another railroad's freight cars. Both bills give the Commission authority to establish incentive per diem rates in order to encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. Finally, both bills contain provisions with respect to the exemption of certain types of cars and certain groups of carriers.

The enactment of this bill can save shippers millions of dollars each year, prevent loss of wages due to plant shutdowns, and insure that the railroad transportation needs of our expanding economy and national defense will be met.

Chronic freight car shortages which

have plagued whole industries and our Nation's shippers should be a thing of the past when the Interstate Commerce Commission fully utilizes its authority under S. 1098. I am confident that the implementation of this bill will provide the incentive to the Nation's railroads to meet the expanding demands of our economy in the years to come.

One House amendment, not contained in the Senate bill, provides that any compensation fixed by the Interstate Commerce Commission cannot take effect before September 1, 1966. The passage of S. 1098 will not produce overnight results. It is designed to provide a long-range solution by increasing the total supply of our Nation's freight cars.

During the interim until S. 1098 can be fully implemented, the Chairman of the ICC has assured me that the ICC will fully exercise its present emergency powers to alleviate hardships caused by a lack of a sufficient number of freight cars.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from New Hampshire.

Mr. COTTON. I thank the distinguished chairman of the Commerce Committee.

Before the Senate takes final action on S. 1098, I have a few brief comments which I would like to make about the bill, as it now comes before us.

Senators will recall that the Senate last year approved a similar bill with the amendments recommended by the Senate Commerce Committee. The Senate committee amendment to the bill enumerated four categories of circumstances which the Interstate Commerce Commission had to take into consideration in determining and applying any incentive element to the compensation to be paid for the use of freight cars.

The four specific factors were: First, carriers determined by the Commission as owning an adequate number of freight cars to meet their responsibilities to the needs of commerce and the national defense; second, carriers which terminate a substantially higher percentage of interline traffic than they originate; third, types of freight cars the supply of which the Commission finds to be adequate, and fourth, such other cases or circumstances as the Commission finds to be in the public interest.

Under the Senate version of the bill, the ICC was specifically empowered to exempt from the incentive, or penalty, element of the freight car charges any or all of the groups I have just listed.

The aim of these provisions of the Senate bill, which I had a part in suggesting, was to assure reasonable and fair consideration of the special problems arising in the industry, including the problem of the terminating railroads, whose per diem charges are not related to the number of boxcars they may own.

In the bill before us today, as it has come back from the House of Representatives, the four types of circumstances spelled out in the Senate bill are not directly listed. It is clear, however, that all the factors listed in the Senate bill still have to be considered by the

Interstate Commerce Commission, and the Commission would have the power, and the duty, not to apply the incentive element to any group of carriers, and even a single carrier, where those four circumstances, or any other circumstances, made it in the national interest to do so.

In this connection, I was pleased to note that the chairman of the House Committee on Interstate and Foreign Commerce, Mr. STAGGERS, in his statement to the House last week declared that—

The bill in its present form provides that the Commission would be empowered in its discretion to exempt from the incentive element provisions any group of carriers where the Commission finds such exemption to be in the national interest. This provision enables the Commission to make exemptions from paying an incentive element by class of carrier, and permits the Commission to consider the several factors specifically authorized in the Senate bill.

This attitude of the chairman of the House committee corresponds to the assurances which the Chairman of the ICC gave us last year when our committee was working on this bill. In a letter to Chairman MAGNUSON dated March 24, 1965, the Chairman of the Commission declared that all of the factors mentioned in the Senate bill "would be considered by the Commission under the language of the bill as introduced." Obviously, all of these factors must still be considered, reviewed, evaluated, and applied under the language of the House bill.

In the light of these assurances, I shall support the bill in its present form and hope the Senate will give its approval to the amendments of the House to S. 1098.

I am supporting these amendments with the understanding that it is clear from the extensive legislative history of this bill that it gives the Commission the power, and the responsibility to exempt from the incentive per diem those carriers who terminate a substantially higher percentage of interline traffic than they originate. I am confident that the Commission recognizes its responsibilities in this respect and that the intent of the Congress will be fully implemented.

While this legislation will not work any wonders in dealing with the current serious shortage of freight cars, it will spell out more clearly the ICC's powers and responsibilities in this area. It will further encourage the Commission and all the carriers to seek effective and realistic means of ending the box car shortages and providing the cars needed for the commerce of the Nation, without unfairly dealing with any carrier or group of carriers.

Mr. MAGNUSON. I thank the Senator from New Hampshire for the help he has been in this matter, particularly with respect to the New England railroads, in providing a compromise for the New England areas which are terminal points for the railroads, and for the help in getting cars from and to the West and Middle West. I see both Senators from Kansas are present. I do not know of any State that has been more plagued by this problem than their State.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Kansas.

Mr. CARLSON. I thank the chairman of the committee and the members of the committee for bringing out this legislation dealing with the problem of the shortage of boxcars. The distinguished chairman of the committee has been laboring in this field for many years. I am familiar with the work he has done on it. I am hopeful it will result in accomplishing its purpose.

I notice that the bill provides that it is to become effective by September.

Mr. MAGNUSON. Yes.

Mr. CARLSON. I hope the Interstate Commerce Commission will, in the intervening period, use the cars which are available, to somehow, in some way, get them into the areas where they are needed and where there is economic need for them.

Mr. MAGNUSON. The Commission has the authority to do that. If a situation arises in the Middle West, particularly in States like Nebraska, Kansas, Oklahoma, and the grain and wheat belts, the ICC can use the authority which it has used heretofore. I would be the first to join the Senator in asking the Commission to use that authority. We have been assured by the Chairman of the Commission that that would happen.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. PEARSON. I have looked over the amendments and I consider them in furtherance of the purpose of the legislation, and wish to join the chairman of the committee in urging the Senate to adopt the amendments.

Mr. MAGNUSON. Mr. President, I move that the Senate concur in the House amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. PASTORE. Am I correct in understanding that the provision involving a terminal line like the New Haven has been retained?

Mr. MAGNUSON. That is in the bill.

Mr. METCALF. Mr. President, after many years of effort, Congress is today finally completing action on legislation which will empower the Interstate Commerce Commission to levy per diem charges on railroads. This action is being taken for the same reason that other regulatory laws are passed. The railroad industry was given years to work out the problem of equitable compensation for boxcars owned by one line and used by another. The industry did not work out the problem. Cars from lines, such as the Great Northern and Northern Pacific, which serve major raw material regions, were not returned in due course. Compensation for car rental arranged among the railroads was not adequate incentive for the using lines to return the cars to the owning lines.

This year the Northwest experienced the most severe boxcar shortage in modern time. As a consequence, a number of us requested the Interstate Commerce Commission to issue an unprecedented

exclusion order, directing all lines using boxcars owned by the Great Northern and Northern Pacific to return them. The distinguished chairman of the Senate Commerce Committee [Mr. MAGNUSON], whose leadership and tenacity through the years have produced the legislation we are enacting today, chaired the meeting we held last winter with Chairman Bush of the ICC and spokesmen for the Northwestern industries hampered by the boxcar shortage. The day following the meeting the ICC issued its exclusion order, an order so successful that the cars on line on the NP and Great Northern increased from about 50 percent of ownership when the order was issued to 90 percent of ownership when the order was canceled on May 6. I would emphasize that it was the exclusion order which solved the boxcar shortage that plagued the Northwest. However, S. 1098 will help avert similar tieups in the future.

Mr. President, the two major railroads serving Montana, the Great Northern and Northern Pacific, have been most helpful through the years in working out the legislation which Congress is passing today. This spring Director John Willard of the Montana Railroad Association came back to Washington and accompanied me in discussions with members of the House Rules Committee concerning S. 1088. Officials of the National Farmers Union Central Exchange, farmers and businessmen, all played a constructive role. And I know better than any other member, I believe, of the great amount of time which my distinguished colleague from Montana, Majority Leader MANSFIELD, has spent in moving this bill, as well as its predecessors, through the legislative process. Senator MANSFIELD, Chairman MAGNUSON and the rest of his Commerce Committee, and others have developed a constructive approach to regulation. It will, I trust, go a long way toward making boxcar shortages, with the resulting economic dislocation and financial loss, an unpleasant memory.

Mr. RANDOLPH. Mr. President, it was my privilege to cosponsor this legislation when it was introduced on February 10, 1965. I am gratified to support its passage, as amended by the House of Representatives, in this body. Since 1950, the growing shortage of freight cars has been a development of increasing concern to the Nation—to the users, to the railroads, to the Interstate Commerce Commission, and to those of us to whom these anxious citizens have turned for assistance in finding a remedy to a grave situation.

We are today giving the ICC urgently needed authority to cope with what is becoming a crisis in transportation. The maintenance of our national security, our national strength and our economic well-being will be advanced by the passage of this act.

We look to the railroads themselves to pursue other avenues in efforts to achieve solutions to the problems of loading, unloading and detention; the problems of the car service rules; and the questions involved in the divisions between originating and terminating carriers. We must now begin to take those steps which are both necessary and desirable to al-

leviate the present shortage of freight cars that has been causing us so much economic distress in so many vital areas.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington to concur in the House amendment.

The motion was agreed to.

VICE PRESIDENT HUMPHREY'S SPEECH AT SCOTTSDALE, ARIZ.

Mr. HAYDEN. Mr. President, the Vice President of the United States visited Arizona on April 16 and addressed over 500 Democratic Party members at an illustrious outdoor banquet at the Guy Stillman Ranch near Scottsdale, Ariz.

In that speech, Vice President HUMPHREY dramatically and succinctly stated the issues which we as a Nation and as an international leader, must realize as we approach the autumnal years of the 20th century. It gave me great heart to learn that Vice President HUMPHREY launched his oratory from the lofty dais of the late President Franklin D. Roosevelt's renowned "Four Human Freedoms" statement, made a quarter of a century ago.

Mr. President, I commend the Vice President's speech to each and every one of my fellow Senators. In particular, I would call attention to the closing lines of the Vice President's speech, wherein he quoted from a Franklin Roosevelt speech, which was never delivered. I ask unanimous consent that Vice President HUMPHREY's Scottsdale speech be printed in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS VICE PRESIDENT HUBERT HUMPHREY, DEMOCRATIC FUND RAISING DINNER, PHOENIX, ARIZ., APRIL 16, 1966

As we Democrats meet tonight we look to the future. That's what makes us Democrats. We look forward to new challenges and new opportunities—we know that the world is filled with them. We look forward.

Twenty-one years ago this week our nation lost the man who gave this country forward motion when we needed it most . . . the man who helped us take our place in the world as responsible international citizens . . . The man who preserved our democratic system at a time when there were those who would have destroyed it.

Twenty-one years ago this week we lost President Franklin Roosevelt.

The work we do today was the work he began. The world we seek—in common with other free nations—is the one that Franklin Roosevelt looked toward more than twenty-five years ago:

"In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms.

"The first is freedom of speech and expression—everywhere in the world.

"The second is freedom of every person to worship God in his own way—everywhere in the world.

"The third is freedom from want—which, translated into world terms means economic understandings which will secure every nation a healthy peacetime life for its inhabitants—everywhere in the world.

"The fourth is freedom from fear—which, translated into world terms, means a worldwide reduction of armaments to such a point

and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor—anywhere in the world."

Franklin Roosevelt saw a world in which the old coercions * * * the old oppressions * * * the old injustices might be pushed aside. He saw a world in which man might emerge into an age of enlightenment and understanding.

Franklin Roosevelt's vision of yesterday is our goal of today. We work so that it may be the reality of tomorrow.

Franklin Roosevelt often said that the only whole men were free men.

Today our task at home is to create a society of whole and free men where every American citizen—no matter where he lives * * * no matter what his skin color * * * no matter where he worships * * * no matter where he comes from—may be a full productive participant in America. To build a better and freer world we need a better and freer America. Our land, our factories, our cities, our water, our roads, our people—these are the things which must be fully developed if our dream is not to exceed our reach.

We are creating a change of prepositions. It used to be that America was the land of freedom and opportunity if you had the right last name or went to the right church or worked in the right place or if your face happened to be the right shade. But today we are changing things. America can and will be the land of freedom and opportunity when each child entering life can look forward to an equal chance to make the most of himself * * * to climb to the limit of his abilities * * * to stand right up and claim his place in life without regard for any irrelevant mark of the surface.

In the last session of the Congress, under President Johnson's leadership—and the leadership of Senator CARL HAYDEN of Arizona—we made into law the hopes and ideas of our generation and the generation before: Voting Rights, Immigration, Education, Medicare, Housing and Urban Development, Arts and Humanities.

We made laws to make war on poverty. We made laws to turn American agriculture in a new and fruitful direction.

These laws are nothing more than investments—many of them deferred for far too long. They are investments in the better and stronger America—an America of "whole men"—that must be built if we are to carry our burdens at home and in the world.

Those burdens will not be small burdens. There are, of course, the challenges we face at home.

In four years, 211 million people will live here. Half of them will be under age 25. Within ten years we will need each year, over 2 million new homes . . . thousands of schools . . . transportation systems to move goods and people . . . fresh air and light and open space . . . and art, music, literature, theatre—the things that make life more than a constant struggle for material goods.

But those tasks are nothing compared to the tasks we face in the world around us.

Can the four freedoms be realized not only in America but in the world? Skeptics might say that the odds are against us.

Today two-thirds of mankind lives in the same darkness and ignorance it has known for centuries—and the gap between the rich nations and the poor nations widens each year. At the same time these disinherited of the earth are exposed to modern communication which makes it all too clear that they are not sharing in the benefits we enjoy as a matter of course. These people are the targets of the stirrers-of-trouble and makers-of-violent revolution.

We live in a world in which there are weapons that could wipe out the Northern Hemisphere in less than a half-hour's time.

We live in a world in which large and strong nations have made it their doctrine that democratic institutions must be destroyed and small nations brought to heel with brute force.

How, in this environment, will the four freedoms ever be achieved?

We know the answer.

It is true that America is the last, best hope of earth.

It is up to us to lead the way toward the time when the threat of nuclear destruction does not hover above the earth.

It is up to us to help the small and weak nations build the fabric of strong, stable—and free—societies, in face of subversion and totalitarian threat.

We know that it is up to us to provide the leadership—yes, often to provide the material resources—to stimulate the strong nations of the West to a greater sharing of these tasks.

I have news for you: There will be no time ahead to relax. There will be no breathing space. No oceans can protect us. There will be no way to avoid "entangling alliances."

We are the leaders. And the responsibilities of leadership are ours to bear.

The tides of history are moving fast. We can be engulfed by those tides. Or we can use their powerful generative force. We can harness those tides to the cause of mankind—if we have the courage, if we have the perseverance, if we build the strong cohesive American society that we will need.

Will the four freedoms be achieved?

The answer was given by Franklin Roosevelt in the last words he ever wrote—words he had no chance to use in his Jefferson Day address which would have been delivered twenty-one years ago this week.

Franklin Roosevelt wrote: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

My fellow Democrats: Let us move forward.

POLISH CHRISTIAN MILLENNIUM— ADDRESS BY SENATOR MUSKIE AT ALLIANCE COLLEGE

Mr. CLARK. Mr. President, last week the distinguished junior Senator from Maine [Mr. MUSKIE] delivered an enlightening and inspirational speech on the observance of the Polish Christian Millennium. The address was given at Alliance College in my home State of Pennsylvania. His sense of ethnic pride can be shared by all of us who know of Poland's great contributions to Western civilization. America has been particularly fortunate in having within its citizenry so many men and women of Polish descent to enhance and broaden our cultural foundation.

The 1,000 years of Polish Christianity attest to the spirit, courage, and fortitude of a great people. Because I deem the Senator from Maine's address at Alliance College to be of interest and value to all Americans, I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THIS IS OUR HERITAGE

(Remarks by Senator EDMUND S. MUSKIE on the Polish Millennium at Alliance College, Cambridge Springs, Pa., May 7, 1966)

President Parcinski, Most Reverend Bishop Watson, Reverend Fathers, Reverend Sisters, Censor Dworakowski, ladies and gen-



Public Law 89-430
89th Congress, S. 1098
May 26, 1966

An Act

80 STAT. 168

To amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1(14) (a) of the Interstate Commerce Act is amended by adding at the end thereof the following: "In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

Railroad freight
cars.
54 Stat. 901.
49 USC 1.

SEC. 2. Any compensation fixed pursuant to the amendment made Effective to the Interstate Commerce Act by the first section of this Act shall not date. take effect before September 1, 1966.

Approved May 26, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 1183 (Comm. on Interstate & Foreign Commerce).

SENATE REPORT No. 386 (Comm. on Commerce).

CONGRESSIONAL RECORD:

Vol. 111 (1965): June 30, considered and passed Senate.

Vol. 112 (1966): May 12, considered and passed House, amended.

May 17, Senate agreed to House amendment.

